

**SPECIAL MEETING
BOARD OF MAYOR AND ALDERMEN
(RE: RIVERFRONT DEVELOPMENT)**

February 19, 2003

6:00 PM

Mayor Baines called the meeting to order.

Mayor Baines called for the Pledge of Allegiance.

A moment of silent prayer was observed.

The Clerk called the roll.

Present: Aldermen Wihby, Gatsas, Guinta (late), Sysyn, Osborne, Pinard, O’Neil, Lopez, Shea, DeVries, Garrity, Smith, Thibault and Forest.

Mayor Baines stated before we turn this over to Mr. Jabjiniak, I just wanted to make a couple of comments about the presentation this evening and also the status of our situation with the Boston Red Sox. I’m releasing this following statement this evening, and people need to understand this statement has been reviewed prior to its release by the Boston Red Sox. “We are continuing to have an open and ongoing dialogue with the Red Sox. They have indicated that they would entertain proposals from the City, the developers, and the ownership group of the team. We expect to keep working on this to bring a successful resolution.” We have had frequent and ongoing conversations with representatives from the Boston Red Sox. We’re continuing to have these discussions. I still remain very optimistic there’s going to be a successful conclusion to this. As you know that we must gain their approval to have a minor league team in Manchester not affiliated with the Red Sox, and we will keep you posted about the process, and we expect resolution to this issue in the short-term. Having said that, we’re going to this evening go through this entire project with you, and I want to emphasize the importance of us continuing the momentum of this project moving forward. I’ll give you an example of the excitement that this has created for other development. I participated this morning in a press conference at the Airport. Dave Fink from Pan Am who indicated this morning that they’re going to begin service here in Manchester with the Boston and Maine Airways which is going to provide service to the Cape and various other connections, but he also announced today that Guilford Rail which they are owners of are going to be talking about bringing commuter rail to Manchester, and hopefully that will be in the short-term, and he mentioned as one of the reasons that they’re so excited about Manchester is what’s going on in Manchester. He talked at the press conference about the

Verizon and our discussions about the ballpark and redevelopment in this area. He's meeting with Governor Benson next week to talk about his plans. He talked about the rail coming from Lowell to Nashua to Manchester to Concord and eventually even to Milford and eventually even directly into Boston, so it's a very exciting development for our City, especially as we encourage development in the downtown sector and creating opportunities to expand our tax base and enhance the quality of living for all of us. We know this project now in scope is a \$100-110 million project, over \$80 million in private investment. We've been working very hard on this for a very long time. The staff has been absolutely magnificent. There's a lot of detail as you know in the documents that we're going to be discussing this evening. Again, there are going to be several more votes as this goes forward. As this will be explained, we're not voting on any bond issues tonight. We're asking to put in place the necessary steps to make this project a reality. We're very excited about it. I think there's a lot of excitement in the community as well, and if we continue to work very hard in a cooperative manner, we're going to be participating, as you know, in one of the largest redevelopment projects in the history of the City, probably the largest one in the State right now and one that's going to have significant economic impact, not only here in Manchester, but across our region. Having said that, I'd like to introduce Bill Jabjiniak who will begin the presentation and introduce some of the people. They'll make presentations this evening.

Mayor Baines addressed item 4 on the agenda:

Communication from William J. Jabjiniak regarding Riverfront Development.

Mr. Jabjiniak stated than you, Mayor. I just want to start with a couple of quick introductions. Everybody knows Randy. He's been an integral part of this whole team that's been working together with this. To his right is Chris Dunlavey. Chris is a principle of Brailsford and Dunlavey who the City has hired to do the independent ballpark feasibility analysis. He'll get his chance to go into things here in a couple minutes. Let me also introduce Walter McCabe. Walter is the attorney from our bond counsel, Ropes and Gray. He has been involved in drafting these documents and fine-tuning them right along. Also, Peter Ramsey is here from the Riverfront Park Foundation. Bob Duval is the President of Kimball-Chase is the engineer, and they've been hired by this gentleman who we've seen before is Kurt Sanborn who represents the development group. I also want to take a moment to introduce...I have an intern in our office, Patricia Ridge. Patricia's been with me for about a month. She's a senior at St. Anselms, majoring in political science, so I wish her well with that, but she's been a big help putting this together as well. I just want to touch on where we've been in terms of agreements and go to what we have for tonight and what we have in the future. On November 13th, the Board approved a memorandum of understanding, and that was with the land developer and the stadium developers. So you actually have two

different entities involved with the City on this site. They basically have committed the City...the City committed three basic actions—to proceed in good faith and negotiate the remaining agreements in which you'll obviously have another chance to vote on. Two is obtain a feasibility study for the stadium and also to reimburse the developer if we don't go forward out of revenues from the site. Revenues from the site is a big item. Tonight, you have a laundry list of items that are called for in that MOU dealing with termination agreements, assignments of debt, assignments of lease agreements from the Riverfront Park Foundation. Then there's a termination between the new entity involved to and with the City. There is also a memo in there regarding the Singer Park relocation. It's going to suggest we go to committee with it and deal with it there as far as where do we want it. Randy's going to get into a lot of detail on the Gill Stadium lease. We're also going to get into a lot of discussion about the master lease, which is the entire parcel down there excluding the ballpark. In the future, we also have a development and management agreement to vote on along with the stadium financing. So you will have another opportunity to vote on the bonding and to vote on the development and management agreement. With that, I want to touch on the feasibility study before I turn it to Chris real quickly. A couple months ago, Chris was able to come on board in December, one of four that actually had submitted proposals...one of two that we interviewed, and certainly his credentials are substantial and has done quite a bit of baseball work, and again this is done for our independent analysis of baseball for AA standards in Manchester. With that, let me turn it over to Chris and to take it and run from there.

Mr. Dunlavey stated thank you very much, Bill. It's a pleasure to be here to speak with each of you this evening. I have brought a presentation that will be shown on the board in front of you. I'll try to speak to each of the points, so nobody has to crane over their shoulders to see the screen. A number of points I've been asked to touch on this evening, firstly I want to make a brief introduction of myself and my firm so you'll know who's undertaken this study and then march through the two major components of the study, the market analysis and financial analysis that we conducted and then of course, I'm available to respond to any questions that you may have. My name is Chris Dunlavey. I'm President of Brailsford and Dunlavey, which is a 35 person-consulting firm out of Washington D.C. that focuses on sports and recreation facilities. We have done work on feasibility consulting and project management of sports facilities ranging from the major league level down to university and minor league sports facilities. We have worked on more than a hundred such projects. More broadly, our focus is on quality of life facilities for municipalities, colleges, and universities, and those types of entities. In that work, we have studied more than 20 ballpark projects. Our work has encompassed also different kinds of sports facilities, NFL, National Football League stadiums, NBA and NHL arenas, down to the minor leagues, but more than 20 projects focused specifically on baseball. You'll see from this quick list which I won't read off into detail that ranges from the major league through AAA, AA, A and even down to independent league projects. A number of these projects have been open and operating for a number of years, and we have been able to demonstrate the conformance of the actual

financial performance and attendance performance of these facilities with the studies we conducted for them at the outset, so we're quite proud of our track record there. The study we undertook for Manchester included as I mentioned two major components, a market analysis which is essentially to answer the question—is this a market of sufficient scale to support a Class AA Eastern League baseball franchise? And there are a number of steps we undertook within a somewhat aggressive time frame to answer those questions. And this broke down essentially into a demographic analysis, studying the population characteristics of the people in the market, a corporate market analysis, studying the types of businesses and other corporate entities that exist in the market which as most know have become one of the key supporters of the revenue streams for professional sports facilities today through the premium seating, advertising, and sponsorship elements of sports facilities that are so crucial to their financial success. And then, step back outside the market and study a number of comparable ballparks throughout the minor leagues and throughout the region in order to see what lessons we can draw that may be applicable to Manchester. So I'll march through each of these briefly. In studying the demographics of the Manchester market and its ability to support Class AA baseball, we looked at a number of categories of markets to compare ourselves against. And there are really three key comparisons to make. The first is other teams that are at that level of competition in minor league baseball. How does Manchester stack up against other Eastern League or other AA markets out there? Secondly is a regional comparison. There are teams at a number of different levels throughout New England, and it is well worth studying how they perform regardless of what level of baseball they may be at to see if there are lessons we can draw about how teams in New England perform. And then finally because of the proximity of Manchester to Boston, we wanted to take a look at what lessons we might draw from teams, markets where minor league teams were operating in close proximity to major league baseball clubs. We term those shadow markets in a sense that there's a minor league team operating in the shadow of a major league club, and in fact, there have been an increasing number of examples of those kinds of situations over the last several years, and we did some analysis to see how those two franchises might affect one another and I think drew some interesting lessons. For each one of these categories, we did comparisons of Manchester against these categories of market in terms of overall market strength. That is a population size, its wealth, which is to say not only the income levels and household income of the market but the effective buying income or disposable income of the market, the amount of dollars to spend on entertainment and sports. We studied growth trends in the market, and we studied what we know is what minor league professional baseball focuses on as its target market, that is the young family demographic and how much of the market was composed of that element. And in each of these areas, we noted that Manchester compares very favorably to the three categories that we outlined. Manchester is comparable in size to all of the three market categories we looked at. When we placed Manchester in a chart ranked by population size of the Eastern League or of the New England baseball markets, it consistently fell right in the middle, so it's of appropriate size to support this kind of enterprise. The effective buying income, EBI, is the equivalent of disposable income, and at just shy of \$52,000 in household EBI, Manchester is very strong.

It was the third highest in both the Eastern League and throughout the New England minor league baseball markets. We also studied growth trends as projected by the U.S. Census Bureau through 2006. Very important to understand what direction markets are moving in when you're studying them because you're not just...you know, markets are not static and understanding what they are today is only part of the story, and what they'll be tomorrow is equally important, and the U.S. Census Bureau helps us at least through the mid part of the decade. Interesting, the growth trends projected by the Census Bureau for Manchester are the highest for all of the markets that we compared against. And then finally, the percentage of this market that falls into that target demographic, that young family demographic that I talked about which is calculated to a little bit of a formula that combines an age demographic with a household size demographic. 24 percent of this market falls into that target market demographic the way baseball would look at it, and that again ranks very high. It would be the third highest in the Eastern League. It would be fourth among the New England markets and the shadow markets we studied, so all of these are very favorable characteristics and we think points toward a strong likelihood or a strong environment for success for a well run AA level baseball franchise. We also conducted, as I mentioned, a study of the corporate marketplace, and that had to break down into both a statistical numbers-based analysis and more of an intuitive personally informed analysis that we pursued through a statistical analysis and a corporate survey, and I'll touch on the findings of each of those. Interestingly, when stacking Manchester up against each of these market categories I described, Manchester does not exhibit the highest pure quantity of business establishments relative to those other markets. There are a number, particularly those shadow markets which as you can imagine are drawing on much denser populations in some cases, show a higher quantity of business establishments. However, what's interesting to note here is that we also always take a look at the ratio of businesses per capita, that is the number of businesses per the number of people in the market because that shows a concentration of business establishments. It's important to note that when you are marketing premium seating and when you're marketing advertising and sponsorships, it's not only important to have a lot of companies to go to, but it's important to be in a market that's business-minded where many of the people have affiliations with their own businesses so that concentration of businesses per capita is an important statistic to look at. There, Manchester looks very favorable, a lot of businesses for the number of people who are here. We then tried to develop as much as we could for consultants from outside the market, an understanding of the nuances of the business market in Manchester. Now obviously many people spend a lot of time studying business environments, and it's hard for us to get a very deep understanding of all the dynamics of positive and negative growth trends in this market, so what we do is conduct a number of interviews with corporate interests in the market. It's not intended to provide us with a very heavily statistically reliable survey that we can extrapolate to market penetration ratios and those kinds of things, but it helps us to understand the market. It helps people to guide us through the statistics and tell us what they mean, and we learned a few things. One, we heard when we conducted these interviews a great deal of confidence in a stable and diversified corporate market here in Manchester. We heard from people we interviewed who

were very supportive of investments in downtown improvements, who understood the value of an enterprise like a ballpark particularly being able to make reference to Verizon Arena and the success that's had in building community and in bringing people to downtown and giving businesses a venue in which to showcase their own services and products through the advertising, sponsorships, suite and club seat entertainment opportunities that that facility provided. So there was a great deal of enthusiasm we heard back about those opportunities. And then finally, we heard consistent reference to the fact Verizon Arena is running a long wait list for premium seating right now for suites in particular and that there is obviously from the evidence that there is some unmet demand for additional premium seating in the marketplace. The other interesting point, people kept coming back to was how nicely the baseball season complements the winter sports season of hockey and the busiest events during the year in the arena, during the course of the wintertime to provide a full year of entertainment in downtown and a full year worth of reasons for people to come downtown. We studied a number of comparable ballparks, looked at both their attendance as well as their financial performance in terms of the seating price they were able to command, the amount of premium seating, the advertising and naming rights numbers they were able to generate, and we listed a good deal of that information in the report. I'll just hit a couple of the highlights. On average, Eastern League clubs are doing an average attendance of about 4500. The newer ballparks of course are doing a bit better on average, about five percent higher at 4700. The New England market comparables were averaging a little bit lower, 3600. It's important to note there that includes a number of independent and short-season A clubs, that is clubs that are at a lower level of competition than we're talking about here. And the big success stories in minor league baseball are the shadow markets I mentioned. This is a relatively new trend that minor league baseball has been moving into the same market as major league clubs. It's really only accelerated in about the last five years, and the reason for that is historically major league clubs haven't believed that it's in their interest to share their market with another baseball enterprise, and the interesting thing that happened over the last several years is that a few fellows who knew about baseball and had a little bit of capital decided that they didn't need to play by the rules of major league baseball and decided to start up some independent leagues that operate unaffiliated with major league baseball but in some cases have successfully gotten very attractive facilities in very strong markets and have flourished and in fact are outperforming comparable affiliated clubs in their markets. So seeing that happen, there are a few progressively-minded major league clubs that have opened up their market a bit and allowed franchises to move in. Interestingly, it's the shadow markets that have been the real success stories, and their revenues have been consistently high. So it's important to note that the minor league teams, the shadow markets outperform comparable teams. We also studied the effect of those franchises on the major league teams in the market. We studied the attendance performance of the major league teams that these clubs came into, and interestingly, we found you can draw no correlation whatsoever to the attendance performance of the major league club based on whether or not there's a minor league club in the market. Major league clubs' attendance fluctuates with the team's performance, and they can fluctuate with whether or

not that franchise is in a new facility itself, but they have absolutely no correlation to whether or not there's a minor league club nearby. We also studied for these other ballparks the number and range of events outside of baseball that they could attract, and from that built our financial analysis. There are essentially two questions we were asked to answer in the financial analysis. One was given our understanding of the market, is it possible for this franchise to meet the financial obligation as outlined in this memorandum of understanding which is a \$750,000 a year lease payment and then secondly, is it a fair and reasonable lease assumption to make. I'll summarize quickly what our findings were. We did operate with the understanding that this is a...although the City would be making a specific capital outlay for the project, that it's exposure was capped at that outlay and that the team would be fully responsible for operating the franchise, for all of the expenses associated with it, and for meeting that \$750,000 a year annual payment to the City. We did a detailed projection of what we thought the market could support in terms of premium seating revenues and a whole range of revenue generators. We projected the range of expenses we anticipated would be associated with running the facility to determine what net operating income would result for the franchise before paying that \$750,000 a year lease payment. So essentially...we term this a feasibility study, and what we used as our measure of feasibility was how well can they cover that \$750,000 a year, and what our analysis showed was that using our base case assumption, that is that the team performs exactly as we would expect a reasonably well run team to perform in this market, they were showing an operating income of about 1.5 times that \$750,000 a year, so they had 50 percent more coverage over that than they needed, and we tested that coverage with a range of sensitivity analysis. Of course, you need to expect that revenue elements are going to fluctuate somewhat from what we project, so we tested high and low ranges and from that analysis, we're able to determine that for any reasonable range of performances we're able to project, they should have sufficient coverage to meet that lease obligation. We also took a look at a number of other leases out there to determine whether this seemed to be a fair and reasonable lease. Again, you could ask the question are we asking too much of them or are we not asking enough of them, and I think what we found is number one, it's a little bit tricky to compare this lease to other lease terms out there. Usually, the other lease terms out there are written more in terms of percentages of revenue streams. That is, a team will pay a certain fixed rent and then they'll give you a percentage of the gate receipts and a percentage of concessions and those kinds of things. What we tried to bring things to an apples to apples comparison, and when we did, our finding was number one that we do think it's favorable to have this fixed rental payment that you have rather than taking the risk of being involved in those fluctuating revenue streams. Secondly, the number you're getting in this MOU is substantially higher you would typically get through all those revenue sharing percentages. So, I will summarize that by saying you're getting a lease that a club should be able to live up to in this market, but it's a good lease. It's better than most other cities have cut for new ballparks through all the comparables we were able to look at. And we further think there's some opportunity that you know if the team were to be able to perform much better than its expectations and our expectations, we are frequently seeing cities build into leases these days clauses for potential participation in upside if revenues

really go beyond a certain threshold, and the city is able to benefit from that while still fixing their minimum obligation with the fixed payment. That concludes my formal presentation, and I'd be happy to answer any questions on our study.

Alderman Lopez stated on page three of your report, just to clarify, it does not include revenue from special and your conclusion events, parking, or ticket sales. That's no benefit to the City.

Mr. Dunlavey responded pardon me.

Alderman Lopez stated that is no benefit to the City. The people at the ballpark get all that.

Mr. Dunlavey stated that is correct. Now, I'll phrase it differently. The point of that sentence is that we did not do a specific accounting of those revenue streams, and the reason is that they tend to be far more speculative and difficult to quantify than the baseball revenue stream, so the special events, we did not quantify. That makes reference to special events in particular in case the language isn't clear.

Alderman Lopez stated right, okay, I just wanted to clarify that. You mentioned that the \$750,000 is more than we would get from revenue if we had share-type revenue. Is that what I heard you say?

Mr. Dunlavey responded yes.

Alderman Lopez asked how much more?

Mr. Dunlavey stated again, difficult to say because it depends on the lease terms, and what I was saying was if you went to a pure market average lease term out there because every one of these is different. There's no set range of lease terms. There's not a fixed percentage of concessions that the City typically gets. There's not a fixed rent payment the City typically gets. So it's very difficult to quantify. The better ones I'm seeing are probably in the area of \$150,000 to \$200,000 a year less than the \$750,000 you're getting.

Alderman Gatsas asked Mr. Dunlavey, how many of these studies have you done?

Mr. Dunlavey responded we've done studies of this type for more than one hundred facilities around the country. Minor league baseball in particular, it's on the order of 15 to 20. I don't have an exact number.

Alderman Gatsas asked how many of those studies have you done before a location has been awarded a minor league franchise?

Mr. Dunlavey responded probably three-quarters of them.

Alderman Gatsas stated so there's been no commitment by a team to move to a location and the city arbitrarily decided to do that.

Mr. Dunlavey responded absolutely. Typically we're engaged when a city wants to evaluate the potential for a project before a transaction is actually conducted for a team to relocate there.

Alderman Gatsas asked how many of those actually completed a transaction and had a minor league team on the site?

Mr. Dunlavey asked following our study?

Alderman Gatsas stated following your study.

Mr. Dunlavey stated again I'm guessing because I don't have a specific accounting but probably about half of those, so we're probably down in the area of a half dozen to eight of those.

Alderman Shea stated a couple of questions. I was struck by your market analysis of...maybe this is off the point but you said that there is a low quantity of business establishments versus a high ratio of businesses per capita. Could you explain that so that I could clear that up?

Mr. Dunlavey responded sure. One way to look at it, I'm going to use numbers that aren't real just to illustrate, but let's suppose the average Eastern League or Class AA baseball market was a market that had 1000 business establishments registered in it. Our finding was that Manchester had a somewhat lower number than that average of number of business establishments. However, most of those markets have a smaller number of businesses per person, that is to say those thousand businesses might be in a market of, I'll use a fake number again, a million people. Manchester may have had only 800 business establishments, but had been in a market of only 500,000 people, so there were more businesses per people in the market. That translates into a number of implications for economists that are beyond me, but one is that there are more people in a larger number of smaller businesses, and that those are businesses therefore that more people in the market who are making the buying decisions have a direct personal association with, and there is more opportunity for those people to influence buying decisions to advertise, to buy suites and premium seats and those kinds of things.

Alderman Shea stated thank you. Now another question is I think that there was a 40 percent return on your survey. I think that according to your study...is that a regular kind of response or is that a lower or high response from the business community?

Mr. Dunlavey responded it's important to understand again that the survey was not conducted for the sake of a statistically reliable projection of demand, so the percentage of return we got was not something that we concerned ourselves with. I do surveys in other markets that get very involved and very costly where you want to be able to project demand characteristics with great statistical reliability, and you have to do literally hundreds of surveys to get that level of reliability, and that's not what this corporate interview set was about. This was about talking with people who could help us to understand the market, so it was a qualitative market research technique, not a quantitative market research technique.

Alderman Shea asked but in your opinion, there is the support of the business community towards a project such as this, is that correct?

Mr. Dunlavey responded yes.

Alderman Shea stated a couple of other questions quickly. Maybe this is addressed to either Randy or Bill, but who will receive the revenues from the naming rights? Is that going to be the owner or I'm not sure who'll answer that.

Randy Sherman responded all of the revenues go to the management of the stadium.

Alderman Shea stated so that the naming rights would go to the...

Mr. Sherman responded exactly.

Alderman Shea stated about the costs incurred for instance, I mean they probably won't add up I notice the Chief of Police is here. We need traffic people there. Who's going to incur those costs?

Mr. Sherman responded I would assume that it's probably going to be something similar to the way that Verizon is run, that there'll be inside the curb costs and outside the curb costs. Obviously, those inside would be covered by the stadium. There has been some discussion, and we'll touch on it a little bit tonight, about like the River Walk where they will cover the costs of maintaining the River Walk. We've talked about the fact that we have the railroad tracks down there, and that's obviously an issue and that they would cover railroad police. I'm not sure it's a proper term.

Alderman Shea asked how about trash collection?

Mr. Sherman responded again, anything inside, they would be picking up and as for outside, that's really the next agreement that we need to deal with.

Alderman Shea stated that's right, I would think so. Thank you.

Alderman Guinta stated I have a few questions. Relative to the executive summary, page three and the conclusions where you talk about the \$750,000 and it doesn't include revenues from special events, parking, and ticket sales. Did you analyze what the City cost is per event? The additional costs that we have when an event occurs?

Mr. Dunlavey responded in terms of municipal services and costs, no. That was not included within the range of our study.

Alderman Guinta asked has anyone done that?

Mr. Sherman stated no we haven't, Alderman. And one thing that we did tell the stadium developer is that parking revenues are off limits. If there's any revenues generated through parking, unless it's on their property, those revenues are staying with the City. So there's a similar deal that we have with the Verizon.

Alderman Guinta stated so you're saying parking revenues in that general facility will come to the general fund.

Mr. Sherman responded correct.

Alderman Guinta asked does it make sense at some point to try to determine the per event cost at this facility?

Mr. Sherman stated yeah, it does, and again, I think that's when we get to the management agreement side, so we're talking okay, who's going to cover which expenses, and I think that's the time that we go back to the Chief and we say, "Okay, what do you think you need to cover these...you know, what's been your experience at Verizon?" Talk to Frank Thomas and say, "Okay, what do you see for the trash issues and those types of deals?"

Alderman Guinta stated and then in the market analysis on page nine, second full paragraph down, it says average for year 99 to 2002 attendance is 4501 for all ballparks and 4694 for ballparks built in the last ten years, and then it says nine of the 12 Eastern League teams have built new ballparks in the past ten years. A couple of quick questions. Did you go farther back than ten years to try to determine average attendance? I guess my question is more pointed towards economic downturns, and I'm curious to know what happens to events like this or stadiums and specific events in economic downturns and how that would affect the \$750,000 number.

Mr. Dunlavey responded for the purposes of this study, we did not extend our analysis back beyond those ten years because most of the minor league ballparks comparable here have been built within the last ten years, and we wanted to stay within that frame of reference. We have more generally studied the impacts of economic downturns on revenue streams and sports facilities, and there are a couple of interesting points to make. One, we break revenues into two categories, and we'll call them those that come from businesses and those that come from regular people. The ones that come from businesses tend to be on contract bases that last longer than most economic cycles. So, when one purchases an advertising agreement or a suite agreement or a club seat agreement it's typically on a multi-year lease that could be anywhere from a three to five year period, so when an economic down cycle hits, you see less impact in the revenue streams that come from those than you might expect. In terms of the revenues that you get from people, at more expensive kinds of sports facilities, you see some dramatic downturns during economic down cycles. At major league facilities, NBA, NHL facilities, you see some dips in attendance. You see some dips in the revenues from concessions and all those kinds of things. Minor league baseball we have observed is the most resilient to that kind of economic downturn because it has the lowest cost basis by far for the individual fan. The average ticket price, the price of a hot dog and a Coke at the facility are lower than for any other kind of sports facility, so we have generally observed that they tend to be more resistant to economic downturn than other kinds of sports facilities.

Alderman Guinta asked do we have an idea of this facility or facilities like it, what percentage-wise, they are relying on the business community versus the individual?

Mr. Dunlavey responded yes. We've developed projections at least for the level of revenue streams that they would expect to come out of each of those markets.

Alderman Guinta asked are they roughly the same?

Mr. Dunlavey responded I'll be honest, I haven't broken the categories down that way.

Alderman Guinta stated my deeper question is if there is an economic recession for example, and because the resiliency of a minor league facility to retain its customers due to the low cost, are we in a more favorable position because we're relying more on the individual as opposed to the business community?

Mr. Dunlavey responded actually looking in my numbers now, that bears out your argument. You get a substantially greater percentage of your revenue from general gate receipts and novelties and concessions than you do from the suites, advertising, naming rights, etc., so yes, you're more dependent on the individual ticket buyer, and I would hope that that would bear out your suggestion that that would make you more resilient to fluctuations.

Alderman Guinta stated and it stands to reason that if you're faced with an eight dollar or a six dollar ticket versus going to you know a \$30 plus ticket down in Boston, this would be the more reasonable choice for an individual to choose.

Mr. Dunlavey stated I'd say that stands to reason.

Alderman Guinta stated the last question in the financial analysis on page 17, you talk about naming rights. Unless I missed it in here, how much did you consider the naming rights process and contract at the Verizon Wireless in determining what potential naming right value would be on this facility here?

Mr. Dunlavey responded I'd say we were more informed by studying other minor league ballpark opportunities than that one. That is, we actually built our numbers for the naming rights contract on the number of deals we were able to find out there similar in nature and done recently in baseball. For us, the Verizon experience was a positive illustrator of demand, but not something we wanted to build numbers directly off of, cause the business model is just different enough there that...

Alderman Guinta stated I mean the figures that are listed here for baseball seem to be much lower and I know that it's somewhat comparing apples and oranges, but these figures seem very very low in comparison to what the naming right revenue is from that facility, and I wonder if that's just because they're two different types of entertainment facilities or is geographical...I mean, I don't know where all of these other baseball parks are located, but I suspect they're in cities no larger than Manchester, but I would assume that this region is probably much more economically strong than some of the other regions that have baseball stadiums.

So does it stand to reason that maybe the naming rights' value would increase?

Mr. Dunlavey responded it may well. I think, you know, as hard as we worked to quantify these numbers, everybody needs to recognize that to a certain degree, we're trying to guess the future, and therefore, you need a plan for some variability, and that's why we run sensitivity analysis showing potential lows and highs. I do think you're right. Naming rights could be a higher figure than what we've projected. There is a fundamental difference between the arena building type and the baseball building type, so there is a difference in the market for naming rights there, and that's why you're seeing us project a lower number than Verizon.

Alderman Pinard stated as I looked at this here, you have effective buying income. What do you mean by that? Do mean an individual in the City is making \$51,000 or do you look at that as a family? Or have you come up an analysis of a family earning, of one individual?

Mr. Dunlavey responded that is...EBI is effective buying income, and it is per household, not on an individual basis, and that's distinguished from the actual household income. It's a figure that is created to try to account for the cost of living in a market as well as the actual income somebody derives, so you may have a high income, but if you have a high cost of living, then you don't have a whole lot of disposable income anyway. So effective buying income calculates actual household income and makes some deductions for average living expenses to get to a disposable income figure. So EBI means...it's the disposable income per household on average throughout the market.

Alderman Pinard stated the next question, and I read this whole book and it's well put together believe me, who did you interview as you went along. I mean, you're from Washington, and I'm curious how you went about it. Who did you interview? What kind of people?

Mr. Dunlavey stated we started with folks here at the City and interviewed those involved actively in economic development and in interfacing between the public and private sectors. We moved on to interviews with a number of corporate interests. We worked through the Chamber of Commerce to identify their membership and basically reached out on a random sampling basis to contact business leaders who are listed under one tab in the report. We did go to...we did visit with the Verizon Center and interviewed the management there to get an understanding of what lessons they had learned from the market.

Alderman Pinard asked have you interviewed a private individual, a regular working class individual in the City to see what their feeling is towards this?

Mr. Dunlavey responded no. We did not do a surveying of the...

Alderman Pinard interjected so your survey was basically done on businesses more than the average citizen.

Mr. Dunlavey stated that is correct.

Alderman Smith stated Chris, right now the projected revenue from the stadium lease is \$750,000. Is that the minimum amount? Could we receive more than the \$750,000 on an annual basis?

Mr. Dunlavey responded my understanding is the MOU outlines a fixed payment at that amount and that there's not an upside potential associated with that.

Mr. Sherman stated can I add to that. The \$750,000 is a minimum payment that we've agreed to. What we did also agree to was that if the feasibility that the City does or the

actuals once the stadium is up and running do come in higher, that we do have the potential to get that \$750,000 to go up, but the \$750,000 is the floor.

Alderman Smith stated to follow-up, Chris, the Eastern League is about 4600 average, and you're projecting for Manchester 4000 to 5000 people. So you're assuming there'd be, in the course of 70 games, there'd be over...about 300,000 people coming into town for these ballgames, is that correct?

Mr. Dunlavey responded that is correct.

Alderman Smith stated okay, quite an impact to the economic situation.

Mr. Dunlavey stated absolutely.

Alderman Osborne stated I just had a couple of questions. As far as the hotel, have they come on board or do you have anything working with a lease the hotel at the present?

Mayor Baines stated that's a question for the staff. They've been working on that with the developer.

Mr. Jabjiniak asked is there anything specific for Chris at this point, or do you want me to jump into the hotel?

Mayor Baines stated why don't we just do...if we could do this Alderman, any questions related to the feasibility study before we move to the next phase of the presentation, okay, and we'll come back on that question.

Alderman DeVries stated Chris, within section 18, your financial analysis, when you made your revenue assumptions, I'm just looking for an explanation of the amount of equity that the team is putting up. You're saying that the team itself will be...you're answering that yes, the team will be putting up equity, but there's a zero dollar sign in there. Is that because of the three-year security deposit that's referenced in the lease agreement, where there's a three-year escrowed account until 60 percent of the other projects are completed and on the tax base?

Mr. Dunlavey stated I'll be honest. My financial model is showing you a detail that it doesn't actually use. That is to say it is...that's a place holder where if we wanted to test a scenario where the ballpark ran more expensively than \$27,500,000, we would be able to put a number in there to run that out, and for our base case assumption, we've assumed it comes in at that number, and there's zero additional capital dollars put into the facility by the franchise, but it doesn't affect our findings about the operating numbers.

Alderman DeVries stated right. I realized it didn't impact. I was just wondering why it was answering that yes, that they are contributing equity, but not noting the dollar. Some of the projections that you made or the assumptions that were made for the feasibility, what was that based on?

Mr. Dunlavey asked with regard to the revenue assumptions?

Alderman DeVries stated yes.

Mr. Dunlavey stated the revenue assumptions were based on our study of revenue numbers that we know are achieved at ballparks in other markets and in looking at how Manchester compares to those markets. And then that was informed further by some interviews we conducted in this market.

Alderman DeVries stated so when you looked at the actual cost for club seats or other types of seating, that's based on what they are able to project from similar stadiums?

Mr. Dunlavey stated correct.

Alderman Shea stated I know that when you mentioned about different...you didn't mention it specifically but different ball clubs. I guess we're all aware that there are teams in Keene, Concord, Nashua, and Lowell, and I'm wondering when you did your market analysis, financial analysis and so forth, I'm just wondering whether they would be impacted to the point where they might have to go out of business or you know we would obviously benefit or how does that, you know, in terms of any study, how does that play out, Chris? I'd be interested.

Mr. Dunlavey stated our assessment of the Keene and Concord clubs I'll set aside for a moment because they're a little bit of a different economic model. Those are those wooden bat team clubs that operate on a sort of a lower cost basis than affiliated minor league baseball does like Lowell, and Nashua is one of those independent league clubs I referenced earlier. Lowell I think is a sufficient distance, and there's a sufficient market strength in both cases that you wouldn't see a direct impact to these franchises on one another. Nashua I think is more of an open question mark. I think the performance of that franchise in the future is a question mark no matter what Manchester does. That's an independent league club that has been performing well below all the other teams in its own league, and how long it's sustainable there, I don't know, but I think it's future is in question no matter what Manchester does.

Alderman O'Neil stated Chris, I just want to make sure that you stand by the statement you make in the report that conservatively projected revenues generated by a new ballpark in the

City of Manchester could support a AA Eastern League team and cover \$750,000 obligation to the City.

Mr. Dunlavey responded I do.

Alderman O'Neil stated and based on your presentation, did you reference in your opinion, this is one of the better deals that you've run across in this country.

Mr. Dunlavey stated I hope I did, but if not, consider it reiterated.

Alderman O'Neil asked this is a good deal for the City of Manchester?

Mr. Dunlavey responded, yes it is.

Alderman O'Neil stated thank you very much. I do want to echo my colleague Alderman Pinard, this is a very...we see a lot of different types of studies, but it was very easy to read and understand, and I want to thank you for your efforts.

Mayor Baines stated I'd like to echo Alderman O'Neil's comments, great job with the study and great presentation as well. Thank you very much.

Mr. Jabjiniak stated we're going to try to switch computers here quickly and change the presentation. I think I want to get into the Singer Family Park discussion, talk about the two assignments, the termination, and where we go with Singer Park in the future. Randy, why don't you go ahead and start with that?

Mr. Sherman stated before we get into anything else, I guess I'd like to just back the bus up a little bit here and just remind how we got to this point. Back on November 13th as Bill said, we had a Board meeting, and you approved the signing of the MOU, and the Mayor executed that on November 14th. Pretty much what the MOU said is that the City would agree to go forward with the financing of the stadium for the team up to that maximum of \$27 ½ million if certain conditions were met. And again just real quick, we'd have to have AA baseball team, which as we know has been purchased, and we're awaiting the approval to move it here. Riverfront Foundation is relieved of its financial obligations. Gill Stadium is renovated and occupied for the team for 2004. Land developer and the City will enter into the master lease, and obviously we've got to generate sufficient revenues off the site to satisfy the debt. What the MOU pretty much told staff and developers to do...the land developer went out and dealt with the Riverfront Foundation to meet agreements to pay up their debt. The stadium developer again went out and purchased the team. The City obviously, as Chris is here, undertook the feasibility study, and what you have in front of you tonight are the last three agreements, the lease termination for the Riverfront we'll call it Singer Park Property, the Gill Stadium lease, and the master lease. The MOU foresaw a

number of business documents. Again the first four up there are the ones that are in front of you. Obviously, the purchase of the team is dealt with, but the other three...the last three are the ones that will follow after this evening. Once we sign on to the master lease, that then gives the land developer the ability to go out and start entering into the sublease agreements. Again, those subleases will come back to you. The development agreement is the development of the stadium, and obviously the management agreement is the management of the stadium, but those will be at a future meeting. Tonight really the main focus here tonight is really the property development more than it is baseball tonight. Again, these are the items that we're going to discuss. A couple at the bottom here, rezoning issues, and the shoreline exemption. Riverfront Foundation, the land developer has reached an agreement with the three parties that were required for them to pay off as part of the MOU. They have signed agreements with the stage contractor, with Bank of New Hampshire, and with the City, and again I'll re-emphasize that the amount that the City had outstanding at the Riverfront Foundation is \$748,790. What we need at this point is...well, what the Riverfront Foundation did is they assigned the lease to the land developer. Now what we need to do tonight is terminate that lease so we can then turn around and enter into the master lease. One of the items up for action tonight is the last one up here on the screen too. As you recall, the developers have agreed to take Singer Family Park or that's probably not proper...take the soccer facility that's located at Singer Family Park and relocate it to a City-specified location. And one of the items that we're going to ask for you tonight is to refer that process to the C.I.P. Committee so that the City can determine which location it wants to use for that. As you recall, we had initially brought in Derryfield Park, but again, any other site is up as long as obviously the City owns it.

Alderman Wihby stated just on the Riverfront, you know how we had Singer Park, we were getting bond payments or something paid by...what happens to that?

Mr. Sherman responded that's that \$748,000. They're going to pay off the last 17 years that are outstanding there or whatever it is.

Alderman Wihby stated they are.

Mr. Sherman stated the developer.

Alderman Wihby stated so the money that was coming in from...

Mr. Sherman stated we're now going to get a lump sum.

Alderman Wihby stated to pay the bond, we're now going to get a lump sum from the developer.

Mr. Sherman stated correct.

Alderman Wihby asked so is Singer involved in this any more? Is Singer family involved in this any more?

Mr. Sherman stated the Singer family still exists, but their agreements, their advertising agreements, I know that they have probably been talking to the land developer relative to the baseball stadium, but they are not involved in the City's soccer facility. If the City decides to move that and place it in a new location, there is no agreement that the Singer name goes with it, and there are no payments from the Singer family coming in.

Alderman Wihby stated I guess where I'm getting at is when we came up with Singer, we were looking for someone to help us out and fund some of the bond payments, and the Singer family came forward and did that or are doing that on a yearly basis.

Mr. Sherman stated right. My understanding is they entered in to more of like an advertising type contract. So now that that facility is no longer...Bank of New Hampshire did the same thing. They also entered into an agreement like that, and both of those, unless they are picked up by the stadium developer would go away.

Alderman Wihby asked weren't they making payments to pay the bond?

Mr. Sherman stated they were making payments to the Foundation to help cover their expenses. One of the expenses was reimbursing the City for the debt.

Alderman Wihby stated right. So what happens to that now?

Mr. Sherman responded it ceases. They will no longer be making payments to the Foundation.

Alderman Wihby stated they won't be making payments to the Foundation.

Mr. Sherman responded right. Because there's no advertising down there any more.

Mayor Baines stated and Alderman, you know obviously when there's a relocation, if we wanted to enter into discussions with the Singer family about continuing to participate, I know they would...

Alderman Wihby asked at the new facility?

Mayor Baines responded right. That would be an open discussion. Our conversations with the Singer family are that they want to cooperate with the City, as you know.

Mr. Sherman stated before I move on to the Gill Stadium lease, are there any more questions on the Riverfront Foundation, and what the developer has done there? Okay. The Gill Stadium lease. As we told you back in November, we worked with the team, and the stadium development group to bring the AA team to Manchester for the 2004 season. In order for them to do that, they needed a place to play, and that obviously came down to Gill Stadium. The lease that we have is...it's pretty much a one-year lease. It starts August 15, 2003, after the current Legion and Babe Ruth seasons are over. It would give them access to the stadium, and it would run through the 2004 season, and what that means is that the fall of 2003, there will be no football at Gill Stadium. There'll be no soccer at Gill Stadium, and for the summer of 2004, there'll be no Legion and Babe Ruth ball there, and we'll be making other arrangements for those teams to play at other locations. We have put in the Gill Stadium lease, the ability to extend it for one additional year. That is only if the stadium, the permanent stadium is not ready. That was done mainly for the benefit of the league. They didn't want to be sending a team up to Manchester for 2004 and then have no place for them to play in 2005 if there were construction issues. So we have allowed them to have that one additional year to extend it. We have allowed the stadium developer to get early access prior to the August 15th, 2003 date. The reason we did that is so that they can go in and start making some more detailed evaluations as far as the actual work that needs to be done, maybe putting together some bid documents. The only thing we have asked them to do is you know, please don't disturb the teams that are in there. Again, the stadium developer is going to take full responsibility for the design and renovation, and they will be responsible for all maintenance, operating costs, and property taxes during the 2004 season and obviously 2005 if they need to play there. The stadium developer will contribute, and I want to emphasize, it is a minimum of \$1 million towards the cost of the renovation. What we have said in the lease is you need to get AA baseball up here. They need to look at the stadium and tell us what the minimum renovations are. If the minimum renovation costs required by the league are less than \$1 million, the stadium developer will contribute \$1 million. If the minimum renovations exceed \$1 million, the stadium developer will kick in those additional dollars above the million, and what we have done is we have capped the total renovations as \$4.15 million which means the City's maximum contribution is the \$3.15 million, and obviously if the stadium developer kicks in more than the million, the City's contribution would be decreased, and if there are any cost overruns, those will also be picked up by the stadium developer. Just a quick recap, they're putting in the artificial surface. They're putting in new seats, putting in new fences, putting in or renovating three locker rooms. Central's locker room will not be touched. They're putting in two new restrooms and improving the concession area. They're doing some enhancements I guess on some on field seating in the dugouts as well.

Alderman Wihby asked that's part of the \$4.1 million?

Mr. Sherman responded that is all part of the \$4,150,000.

Alderman Wihby asked why aren't we doing the Central locker rooms better? They don't want us to touch them?

Mayor Baines stated they were just done over, weren't they?

Mr. Sherman responded yeah. They just did them. They don't want them touched.

Alderman Shea stated we are going to float a bond for \$27.5 million. Now the one million dollars that the stadium developer is putting in, is that part of the \$27.5 million?

Mr. Sherman stated no. That would be over and above. The only thing that is...

Alderman Shea interjected in other words, it is distinct from that. Is that what you're saying?

Mr. Sherman stated the \$3,150,000 is part of the \$27.5 million, but not the one million.

Alderman Shea stated that's the City's contribution, but the other is distinct.

Mr. Sherman stated that's right.

Alderman Pinard stated just a quick question here. I mean we're talking money and money and money and everything and money in millions. Alderman Smith, what happens to the Legion ball? We haven't discussed that. That's very important in your book, I understand.

Alderman Smith responded in fact, I'm very surprised that it's a two-year lease. I've got some questions, and I'll ask them after. I thought it was a one-year lease because we potentially put in a bid to host the 2005 Northeast Regionals.

Mayor Baines stated let's address that right now.

Mr. Sherman stated what we do have is actually the last bullet on this screen, the City does have access to the stadium, and what the team has told us is that if you can give us a schedule, they certainly will accommodate it for the 2004 season or 2005 season. Again, the only reason we gave them that one-year extension is for the league's comfort to have it there, that they know that the team has a place to play if that permanent stadium isn't done. And if you recall when we opened up Verizon, the Monarchs actually started on the road for the first month, and again, I would anticipate that for the 2005 season, the team would start on the road, make sure that we have adequate you know time in there to finish up in the spring if we need to.

Alderman Smith stated I'm glad Alderman Pinard brought this up. As you know, I'm very interested in Gill Stadium, and I know that Central High utilizes that for football, and I was

wondering if anybody has made any assurances with the City Athletic Director and the Central High football team as well Memorial High that utilizes Gill Stadium.

Mr. Jabjiniak responded Alderman, I have met with Mr. Raycraft, reviewed the proposal for it, talked about some coordination and advanced notices that he would need to go ahead and get things scheduled, but his comments were that he feels he could use the other facilities while Gill is being renovated. I've also spoken to the Central High football coach, talked about maintaining access to his locker rooms and taping rooms during the construction process, and my final comment to him was simply, "I think if we can get through tonight, I would then sit down and make sure we have his concerns addressed." We took a tour of the facility during the fall when he was playing. His comments were along the lines of if you can put something like field turf down, more than happy to go play some place else for a year. That's the cooperation that I'm looking for to get this thing accomplished.

Alderman Smith stated thank you very much. That's what I was looking for.

Mayor Baines stated I think he has an important comment to make. Also, the Legion teams and all the high school teams are going to end up with a first-class facility to play on which would add a lot of pride to the programs.

Alderman Pinard asked does anybody know beside the Legion ball how many other events during the summer months are at Gill Stadium?

Mayor Baines stated that Alderman Smith did a calculation on that.

Alderman Smith stated I know that Gill Stadium was used last year for 196 events. Most of them dealt with Babe Ruth baseball in May and June as well as high school baseball. Then the three Legion teams participated from June right straight through until August. Then you went into high school football and some soccer games there, but it was utilized quite a bit because the freshman and j.v. teams would play there also.

Alderman Pinard asked has anybody met with you George to see what the impact is going to be with this pro ball and the activity that Gill Stadium while waiting for the other one maybe?

Alderman Smith stated I haven't met with Babe Ruth, but I've met with the Legion officials and so forth, like that, and we're working out. In fact, we have a meeting scheduled next week with the Legion teams and Babe Ruth.

Alderman Pinard asked okay, but you haven't met with Mr. Weber or any of those people yet.

Alderman Smith responded no. I haven't.

Alderman Pinard stated I think it's about time, Mr. Mayor, that you get a meeting going with these people so the people out there will know what is going on because even myself, I feel that I'm in the dark. I'm learning a lot here tonight, but number one, it's okay to have a ball club. I think it might be good, but again I think the people should know what they're going to be facing after this is all done, and I feel that we should think of our youth and then go to professional. Thank you, thank you, Mayor.

Mayor Baines responded I agree with your comments, and I think that's what Alderman Smith has been committed to, and we're committed to working with all the youth teams.

Alderman Smith stated just a follow-up. I've been all over the Northeast with Mr. O'Neil and other companies and Field Turf, along with Parks and Recreation Director Ron Ludwig, and we've shown samples to Central High coach, so forth, like that, so we've been in contact with each other, and anybody knows Gill Stadium, you have to put down field turf because there's an atrocious field, and it needs fixing up. I do have if anybody likes to look at it, this is an original booklet, 1913, Gill Stadium Textile Field, and the first game played there officially was the World Champion Boston Red Sox. Anybody like to take a look, they're welcome.

Alderman Pinard stated maybe we should show that to the Red Sox. Maybe it would help them.

Mayor Baines stated Alderman Pinard, you were there, weren't you?

Alderman Pinard responded I threw the ball.

Alderman Guinta stated I want a little clarification on the \$4.15 million capped cost. It says up here stadium developer will contribute max of one million and the City will contribute a max of \$3.15 million. However, if there is a cost overrun, the stadium developer pays for it. So what happens when there's a cost overrun in excess of \$4.15 million when we've capped the project at \$4.15 million?

Mr. Sherman responded we've capped our participation to that \$4.15 million. If the maximum that they have to contribute due to the league requirements is the million, okay, the most that they can then spend is that \$4.15 million and then our dollars stop. If it goes over that, okay, then they would have to come in and kick in those additional dollars, so they would actually add to their million.

Alderman Guinta asked so are you saying we may not have to spend \$3.15 million? It might be less?

Mr. Sherman stated if the total thing comes at \$3.8 million, you're right, we may only spend \$2.8 million.

Alderman Guinta stated total cost may not be \$4.15 million.

Mr. Sherman responded that's right.

Alderman Guinta stated and you said the \$3.15 million is inclusive of the \$27.5 million bond?

Mr. Sherman stated it's within that bond.

Alderman Guinta stated so the million is a cash payment or is that...

Mr. Sherman responded actually when the Gill Stadium lease goes into effect, they will deposit that million dollars with the City, and then they will actually run through a draw down process to...as they do work, we will reimburse them.

Alderman Guinta stated say that again.

Mr. Sherman responded when the Gill Stadium lease goes into effect...

Alderman Guinta asked when the lease goes into effect?

Mr. Sherman responded when this lease goes into effect, they will deposit that million dollars with the City.

Alderman Guinta stated this is pre-construction.

Mr. Sherman responded that's right.

Alderman Guinta asked is this construction occurring simultaneously to the ballpark on the Merrimack?

Mr. Sherman responded it may. The earliest that they can really start the construction and I'm talking major construction like replacing the field would be after this August 15th date, so at that point, yeah, they may be down along the river already.

Alderman Guinta stated to me, it seems like Gill would have to be completed before...I mean if we've got a baseball team that's going to use Gill, Gill has to be done first.

Mr. Sherman responded they think that they can do it between the August and March first date. They'll get the field in in early fall, so they'll probably have that field in in September or October. Okay, get that in. A lot of the work is under cover. I mean again, if they're in the locker rooms, if they're in the restrooms, even replacing the decking in the seating, they think that they can do it through the winter. Now they would obviously love to get in there earlier. We have given them early access. They may decide you know, I can take Section M and replace the decking and replace the seats, cause I don't disturb any of the Legion, you know, and they may go through a section at a time. They may go take a locker room and try to do it while the season is on.

Alderman Guinta stated and the renovation is contingent upon us signing...I mean what is it contingent upon? I mean is it contingent upon the Red Sox issuing a waiver? Is it contingent upon a deal signed with...

Mr. Sherman stated it's contingent on these items right here. You have to have signed the development agreement and authorize the financing, cause they're obviously not going to work on Gill Stadium unless they know the financing is going forward, okay. Obviously you have to have the Red Sox approval. I mean, if they can't bring a team here, it doesn't make any sense for them to work on Gill Stadium. You have to have signed on to the master lease and again, we have to have that assessed valuation of the \$40 million which again is the revenues sufficient enough to meet the debt service.

Alderman Guinta asked if we don't meet that valuation, then what? If you meet all the requirements except the valuation for example, what happens at point?

Mr. Sherman stated you don't have to authorize that financing unless they want to put up another type of security for you.

Alderman Guinta stated and the \$40 million valuation is based on...

Mr. Sherman stated what we did is we took the debt service on the \$25 million. Okay, that's \$25 million, not the \$27.5 million, cause let me explain that real quick. The additional \$2.5 million, if we go over the \$25 million, the stadium developer picks up 100 percent of that debt service.

Alderman Guinta stated over and above \$25 million.

Mr. Sherman responded over and above the \$25 million.

Alderman Guinta stated so we're bonding \$27.5.

Mr. Sherman stated we could bond up to \$27.5 million, okay, but they would pick up 100 percent of the debt service over the \$25 million.

Alderman Guinta asked does the additional \$2.5 million affect the bond rate or the payment schedule? I mean, it's got to affect...

Mr. Sherman responded it would add dollars to the payment schedule, but they would pick up 100 percent of that. And the \$40 million, what that does is along with the lease payment of the \$750,000 would more than cover the debt service of the \$25 million. So, I got the \$750,000. I got the taxes from the \$40 million assessed valuation. That covers \$25 million. If we issue more than \$25 million, they're paying 100 percent of that additional. So that's how we cover the debt on \$27.5 million, but for the Gill lease to go into effect, these items all have to be in place. Now when we came, we used the term the deviation up there. When we came to you in November we thought that for example at this point, we'd have the Red Sox approval. They thought that that was going to come in. So that's how it was laid out to you. This would be the process. You'd get the approval, then you'd do the lease, and you know...obviously that's not happening, but the lease does not go into effect until these items are in place.

Alderman Gatsas stated Mr. Jabjiniak, you've said you've talked to the football coach at Central, and he said he was willing to play anywhere to make this happen, and I certainly have had the same conversation, and he has agreed to that. What accommodations are we going to make for 90 football players for practice?

Mr. Jabjiniak responded the accommodation that I anticipate is giving him access to his locker room, and he can still use his practice field at Beech Street School.

Alderman Gatsas asked what about showers?

Mr. Jabjiniak asked are there showers in his locker room now?

Alderman Gatsas responded no. They aren't.

Mr. Jabjiniak stated well, that's something we're going to have to work out an alternative, whether we need to bring in something with showers. That's something we have to work with.

Alderman Gatsas stated so I would assume that somewhere in this plan that there should be conversation because I don't think that we're going to want to have...if you've gone through the premises as you said you have, then you would know that the accommodations for the locker rooms are walking down hallways and going into showers that I showered in some 35 years ago, and they haven't been renovated since I took my showers there. So I think that

when you start talking about displacement of students in the inner City, one when you have freshmen that have to walk a mile and a half to get to practice, that some of the stress that's put on Memorial and West isn't close to what the kids at Central are dealing with. So to tell them that they're going to be inconvenienced or even remotely thinking about possibly putting them in the basement of Beech Street School as an accommodation is wrong. We need to discuss that fact. We need to get it out front, and we better make sure that the kids at Central High School aren't displaced for any reason other than having to go to practice. Playing their games somewhere else certainly is accommodating, but we shouldn't displace them from where they're showering or practicing.

Mayor Baines stated can I ask a question, just so I'm a little clear on that. So the Central locker room right now does not have a shower?

Alderman Gatsas responded does not.

Mayor Baines asked so where do the kids shower right now?

Alderman Gatsas stated they must walk down the hallway to go through another locker room.

Mayor Baines stated okay, the other room has a shower.

Mr. Sherman stated the shower facilities are separate from the locker room.

Mayor Baines stated I think that's a point well taken, and we'll work to insure...

Mr. Sherman interjected the problem that we've had, Alderman, is it's a chicken and egg type situation. We don't want to go to the high schools and say, you have to relocate all these games until we know that you're going to be giving up Gill Stadium for the year. You know, so we pushed the issues as far as we can. We took the tour of the Stadium. We met with Ron Ludwig. We looked at the schedules for the Legion ball. We took it I think as far as we can till the point that when there's a decision made, you're right, then we need to take it that one step further.

Alderman Gatsas stated my concern is not the games. I have no concern about the games. My concern is that all of a sudden, there are no accommodations for those kids to shower in.

Mr. Sherman responded again, what they can do though...

Alderman Gatsas interjected I think that for your statement to say that we don't need to renovate those locker rooms because we did them a year ago, if we're in the process then we should be putting some showers that are adjacent to those locker rooms, so kids don't have to

be walking down hallways to get to showers and bathrooms. There is one toilet facility for 90 kids.

Mr. Sherman responded I know. I toured it.

Alderman Gatsas stated the same one that was there 35 years ago.

Mr. Sherman stated right, for the 90 kids for the last 35 years, you're right.

Mayor Baines stated those are points well taken. We will work on those.

Alderman Gatsas stated I appreciate the idea that we should be sending things to C.I.P. I'm glad to see that the committee process is still well and alive because I think that a couple of the things that we're looking for ordinance changes is to eliminate some of the committee situations that we've always had in here and held at high esteem, cause I believe that the leases and purchases should be going through lands and buildings. So I will leave that for a discussion as we get forward along in this process. I would assume with what everybody is speaking about with renovations at Gill Stadium here is that this Board is willing to commit to Gill Stadium even if the baseball deal doesn't happen because that agreement I had from some Aldermen from the West Side when we did West/Memorial that that was supposed to happen in the second phase of the budget of last year. So I would assume that we take a position today that Gill Stadium is going to get done whether baseball comes to Manchester or not, and that will be in this budget process to get that artificial turf and to get that stadium in a condition that it should be in because this shouldn't be about the carrot of the baseball team. This should be the carrot about fixing Gill Stadium for the kids of Manchester. So again, maybe we have the carrot on the front end, and I don't disagree with that, but this Board better commit today that we're going forward with Gill Stadium whether baseball comes in or not.

Alderman Wihby stated Randy, can you go back to that \$3.15 million one? I just want to follow up to Alderman Guinta's questioning. There's things that the minor league makes us do that we probably wouldn't have done if we were fixing Gill Stadium, is that true?

Mr. Sherman responded there may be, and that's what we have to wait for that report to come back from the league. For example, they may come in and say, "You need, you know, two more sets of lights." Okay, I mean, I don't know.

Alderman Wihby asked is it anywhere near a million dollars?

Mr. Sherman responded I don't know. Until they go through and one, I think the field is going to be an issue. I think the locker, not necessarily the locker rooms, the dugouts are going to be an issue.

Alderman Wihby stated let's assume it's \$1.5 million, and we wouldn't have done that because we don't have minor league teams. Are they picking up that additional half a million?

Mr. Sherman responded they would contribute a million and a half.

Alderman Wihby asked so even if we don't go over the maximum of \$3.15 million, they're still going to pick up the \$1.5 million.

Mr. Sherman responded that's right. That would reduce the City's contribution.

Alderman Wihby asked how do we come up with that?

Mr. Sherman responded the league needs to come in and review the stadium, and they'll put together a list of all the improvements.

Alderman Wihby stated so they say two extra lights and we say, well we wouldn't have put those lights in. I mean...maybe we would have. I mean how do you figure that out?

Mr. Sherman responded no, cause again they pay what the league requires, whether we had it on our punch list or not, it's whatever the league...if the league comes in and says you need a new concession stand, you know, yeah, we've got it in there, but that's now the team's responsibility.

Alderman Wihby stated okay, so whatever that number is that number is no less than \$1 million and then we go \$3.15 million.

Mr. Sherman stated that's right, and we'll actually go and if it comes in that we price what the league is requiring and again say it comes in at \$1.5 million, they need to deposit that extra half a million dollars with the City, and again we go through a draw down process.

Alderman Lopez stated Randy, you mentioned they can go into Gill Stadium once this lease is signed, but the total master lease takes effect for the \$1 million, now my question is this. If they go in before the master lease is finalized and do any type of work whatsoever, is that at their cost period if they spend \$50,000 that's an additional cost to them? Do you understand my question?

Mr. Sherman responded if they go in and decide to do some work at Gill Stadium and the financing never comes through and everything else falls apart, that would be at their risk, just as they're already at risk for their architectural work that they've done.

Alderman Lopez stated you said there was deviation in reference to one thing on the MOU, which was supposed to end June 30, 2005, and now it goes to September of 2005. This is the new stadium is supposed to be built by December 31, 2004, but in all events, no later than June 30, and that's been extended to September of 2005, is that correct?

Mr. Sherman responded again, Alderman that was put in more for the league. No, they are still required and this is when we get into the development agreement, there'll be incentives to finish early, and there'll be penalties if they finish late, but they still have to live up to that MOU, but again the league wanted to see you know the fact that they would have a place to play if there's a strike or some other reason they can't finish that...

Alderman Lopez stated I think you anticipated my next question is the penalties aspect of it.

Mr. Sherman stated that'll all be in that...

Alderman Lopez asked will that be additional to this MOU?

Mr. Sherman responded the next set of agreements that you'll see will be the subleases with the hotel and those folks and then you'll see the development agreement, which is the agreement between the City and the stadium developer for the construction of the stadium. That's where you would see those types of conditions put on the project.

Alderman Lopez stated but everything is based upon the master lease, but other leases are going to be a different language in comparison to the master lease. Is that what you're telling me?

Mr. Sherman responded I think what you're asking, is everything contingent on the MOU?

Alderman Lopez stated yes.

Mr. Sherman stated yeah, the MOU again laid out the groundwork for the development of these other leases so if there are conditions that were in that MOU, they are being carried forward into these other agreements. If there are deviations from that like we have here just because of the sequence of the way events are falling, we will certainly notate those to you.

Alderman Lopez asked, as we say we're committed to Gill Stadium, is it possible at some point if we decided and everything came to be, the Boston Red Sox okay and all that stuff, is it possible that we could add some money to this \$27 million because we'd have about \$800,000 according to the calculations after the \$1.8 million was paid for this particular bonding, could we add let's say more money to this and do Memorial High School at the same time to get a better combination here and less expense of doing two projects at once?

Mr. Sherman responded I guess I would probably say you wouldn't want to. I'm not sure you'd want your stadium developer overdoing Memorial Field. I mean if we were going to do Memorial Field, we would just issue it as a regular G.O., and I wouldn't see any reason why I would tie it into this project.

Alderman Lopez stated the only reason I can see is because we're indicating we're going to get \$2.6 million in revenue, and we're going to pay \$1.8 million so what's another \$3 million to the extent of what kind of a cost factor would a three million bond be to do Memorial High School and complete the schools completely in the City of Manchester along with Gill Stadium.

Mr. Sherman responded it would still come in...I mean the surplus revenues over and above the debt service for the new stadium are just going to go into the general fund, so if you're going to do Memorial or you want to do any other bonded project, it would just come out of the general fund like that.

Alderman Lopez stated keep that in mind, would you please.

Alderman DeVries stated Alderman Lopez touched a little bit, Randy, on my question, but I just want to make sure I understand the timing. I'm looking at Section 11.3 of the actual lease agreement when we're talking about the developer will be picking up any costs that have occurred prior to the development agreement. So in other words if he goes over the million dollars in construction costs, he is going to be responsible for that, but it's saying that if he chooses to proceed before the contemplated development agreement and you just indicated to us that the development agreement will be probably the next document that we see, so define for me exactly what is going to be laid out for us as we enter into that development agreement. Does that mean that we will have in fact the \$40 million of actual tax dollars?

Mr. Sherman responded no, I think what the development agreement is more going to be based around is like a design-build type contract. We're going to sign on with somebody to design the stadium and to build that stadium for us, again not unlike what we're doing currently on the school side, and what we're doing is we're signing on for somebody else to take that project and build a city facility.

Alderman DeVries stated but that will not require that we've gone out for bonding at that point.

Mr. Sherman responded that's right, but in all honesty, when we bring that development agreement in, and we bring that management agreement in, that's when we're going to be bringing in the bond resolution, cause you wouldn't want to be signing on to a contract for somebody to build you a stadium without the financing being in place.

Alderman DeVries stated so you're saying we will see the same night the bonding come in, and that's exactly the reason that I'm pursuing this with you because I could foresee that if we signed them at separate dates, that the City is going to have to find another mechanism to fund anything over the million dollars because the million dollar cap for the normal construction improvements stop as soon as we sign that development agreement, so if we do not bond that same night, we're going to have to look for another mechanism to pay because the developer no longer will be responsible.

Mr. Sherman asked you're talking about the million dollars at Gill?

Alderman DeVries stated I'm talking about the million dollars at Gill that the developer will be putting in. If we do not bond the same time we sign that agreement, there's a loophole. We may be looking for another way to gap the funding.

Mr. Sherman stated you would never be responsible for any dollars at Gill until you authorize that financing.

Alderman Smith stated I didn't think we were going to take up bonds, but since we are we got general obligation bonds, and I imagine that's the cheapest way of financing for the City.

Mr. Sherman responded absolute cheapest. If I could issue them today, I would.

Alderman Smith asked and it doesn't adversely affect the taxpayers whatsoever, right?

Mr. Sherman stated no, cause again, what we're going to do is handle this more like it's a tax increment financing where we're going to show the rating agencies that we are generating this \$2.6 million, and we're only using \$1.8 million of it, so it won't impact us.

Alderman Smith asked will it affect our bond rating?

Mr. Sherman responded no, it shouldn't.

Alderman Smith stated one question and I think that Alderman DeVries mentioned, are we going to have a clerk of the works or somebody in construction, especially at Gill Stadium to make sure that this is done the correct situation, and we don't have what happened over at West Side High with a beautiful field and no restrooms?

Mr. Sherman responded absolutely, and that is included within that bond number.

Alderman Garrity asked is there any risk to the City if we do not bond a stadium on this lease, any risk at all?

Mr. Sherman responded none.

Alderman Garrity asked so is there a reason why we have to do this tonight?

Mr. Sherman responded the reason that we're bringing this forward tonight is in order for the team to proceed with filing with the transfer because right now, they're a baseball team in New Haven, Connecticut, they need to file a transfer to move it to Manchester. Again, the league wants to know that they've got a place to play.

Alderman Garrity stated but there is no risk to the City, right?

Mr. Sherman responded until you've gone through with the financing, that's right.

Alderman Garrity stated if we don't go through with the financing, there's no risk.

Mr. Sherman stated that's correct.

Alderman O'Neil stated I just want to make sure I'm clear on this with regards to Gill Stadium. With this development project, the project ends up paying for over three million dollars worth of improvements to Gill Stadium, correct?

Mr. Sherman responded that's the maximum, correct.

Alderman O'Neil asked and that will be done roughly in a year or less.

Mr. Sherman responded they would be ready to play over there next April.

Alderman O'Neil stated so for a year approximately of displacement, Gill Stadium will be a new, almost a brand new facility for the schools and for the Legions and the Babe Ruths in our City to use.

Mr. Sherman stated that's right. We worked it so no one would be displaced for more than one year.

Alderman O'Neil asked without this development project, that same three plus million dollars would be paid for by the taxpayers of this City, correct?

Mr. Sherman responded that's correct.

Alderman O'Neil stated and would probably...my guess would be just on history here probably be done over a minimum of four years, if not longer.

Mr. Sherman responded if not longer.

Alderman O'Neil stated because that's how we've generally done these type of major projects.

Mr. Sherman stated I think what I said back in November was plank by plank.

Alderman O'Neil stated so I think we need to realize that, and I just want to make sure I'm clear on something. The expectation...there was a lot of debate about 2005, the expectation is the new facility would be ready for them to play in in the spring of 2005.

Mr. Sherman responded yeah and as Alderman Lopez pointed out, the MOU requires them to be done by December 31, 2004. In no event, going past June, but again, that's just there to give the league that comfort that if something disastrous happens, they'd have a place to play.

Alderman Gatsas stated I guess we need to get to the substance of the agreement. On page nine, can you explain to me where it says cooperation on section 14, what that means.

Mr. Sherman responded what we're talking about there is the City the possibility of getting historical tax credits that we can in essence assign to a third party, and people pay dollars for those tax credits, and those dollars could go into reducing the City's \$3.15 million, and all we've asked is that the tenant in this case work with the City if something needs to be done to meet an historical issue or to file paperwork or to give people access to the stadium. Whatever it requires, we've just put in that they would cooperate with the City.

Alderman Gatsas stated let me understand your explanation of what you just said. The City's bonding \$25 million, and the debt service of \$750,000 is supposed to cover that bonding debt. Is that correct?

Mr. Sherman stated the lease payment of \$750,000 plus a portion of the property taxes generated from the facility would cover the debt service.

Alderman Gatsas stated so the lease in itself does not cover the debt service.

Mr. Sherman responded correct.

Alderman Gatsas asked how much does it cover of the debt service?

Mr. Sherman stated well if the total debt service is \$1.8 million, it's \$750,000 over \$1.8 million.

Alderman Gatsas stated that's why we pay you Randy, and you should have that answer for us.

Mr. Sherman stated if the Mayor wants to pass me the calculator, I'll do it.

Mayor Baines told Alderman Gatsas, I thought you usually do that.

Alderman Gatsas stated I have a number here. I just want to make sure it's the same one he's giving me.

Mr. Sherman stated 41.6666.

Alderman Gatsas asked again.

Mr. Sherman stated 41.67 percent.

Alderman Gatsas asked 47 percent.

Mr. Sherman stated no, 41.67 percent.

Alderman Gatsas stated so if it's 41 percent, what happens if any of the other project doesn't happen? Then the City has that encumbrance.

Mr. Sherman responded you have never financed. If that \$40 million isn't in place to generate the property taxes, you haven't financed?

Alderman Gatsas stated so before we do the baseball, before we're committed to a four-year or a four-year renovation at Gill Stadium, cause my understanding was that that would be a lot quicker than that, but if you're telling us that it's four years, then we need to take a look at that at C.I.P. and make that as a number one priority because that's where it should be, but besides that, if you're saying that if the \$40 million isn't developed next to the baseball stadium, then the baseball stadium doesn't happen?

Mr. Sherman responded you can always authorize the financing without that \$40 million. We put in the MOU that we had to have the \$40 million to do the financing.

Mayor Baines stated we're not going to ask the Board to go ahead with the financing until the amount of investment is in place to pay for the debt service.

We're not going to ask you to do that.

Alderman Gatsas asked so the investment tax credits that are available for historic, is that four for one or is that at three for one?

Mr. Sherman responded I don't have that, Alderman. We can get you that.

Alderman Gatsas stated isn't that a...I mean that could be a significant number.

Mr. Sherman responded it could be.

Alderman Gatsas stated because if we're talking about a four for one swap, that's \$16 million.

Walter McCabe stated excuse me, Alderman. Let me see if I could speak to that. One of the issues that I have raised with the City staff was that to use historic tax credits requires a number of pre-conditions to be met, and it was not clear that the Gill Stadium lease could be reconfigured to meet those conditions, so we have a cooperation provision in there, and I believe that Randy and Bill and others in the City staff were going to look at it further, but it wasn't clear that that could be met, and the tax credits we're talking about relate to the Gill Stadium renovations and what's spent there, not to the overall project at large.

Alderman Gatsas stated I totally agree, but if it's \$4 million that's being spent there, can you help me—is it a three for one or a four one on the historical tax credit?

Mr. McCabe stated you can get close to a one for one in terms of sale of the value. If the value is \$4 million in tax credits, you can get somewhere close to the \$4 million. One thing to remember is that not all of it will be credited as an historic tax credit even though you're renovating an historic structure. You will get some percentage of the project cost that is attributable to the tax credit. You also have to structure it with a number of conditions that a short-term lease of the sort we're talking about for the renovations probably will not satisfy from a tax perspective.

Alderman Gatsas asked what are the conditions that we need to meet?

Mr. McCabe responded well, typically it is done over a long-term lease arrangement which would mean that you'd have to set in place an arrangement for usually it's the 20 or 30 year minimum type deal. We'd have to set up an elaborate scheme effectively where there was a long-term lease with the stadium developer at Gill which would then have a leaseback to the City because you would effectively after the year they use the property want to use it yourself for the City and not have them as a middleman, so there's a number of steps that would have to be taken and one of the things that the City staff had not finished resolving was whether the transactional aspects of undertaking to meet those conditions would make sense given the number of steps that would have to be taken.

Alderman Gatsas asked how long would that take?

Mr. McCabe responded the analysis...I don't know that it will take a huge amount of time. At the time period we were discussing this which was about a month or so ago, maybe a little less, the decision was made to put that aside and to reexamine it later, that we had provided for adequate room within the Gill lease to enter into those arrangements should the City choose to do so.

Alderman Gatsas stated so your professional opinion is that this cooperation agreement is going to cover the City to change this agreement, to make sure if there are historical tax credits available that we will be able to get them.

Mr. McCabe responded the agreement is structured so that we could take steps to do that. In reality, my particular opinion here is that it would be very difficult to restructure it and to sell the tax credits in a way that would achieve real dollars for the City.

Alderman Gatsas stated one dollar is a lot of money for the City.

Mr. McCabe responded not if you have to spend ten dollars to achieve it. You have to market these particular credits. You would need to enter into several different arrangements coming out of this agreement in order to make both the historic tax credits be available to be sold in the marketplace and to allow the City to maintain the arrangements I presume you want going forward for Gill which is for the property to come back into the City's control and use after the short time period that the team is going to be using it for.

Alderman Gatsas stated the lease agreement on Gill Stadium, in it contains obviously parameters for parking and use. How does it affect the City in any other, at JFK? What are the ramifications of parking?

Mr. Sherman responded what we discussed with Ron Ludwig was that they could have the parking on the West side of the Stadium, on the Beech Street side from JFK south. They could have that almost exclusively during their games. If they wanted to use any of the area around JFK, they would need to contact Parks and Rec almost on an event by event basis to find out if there were any conflicts. Certainly, if there's an event going on at Beech Street School or if there's something going on, and I don't know, do they use that to park when they're at Hunt Pool or when they're at the skateboard park? That would all be run through Parks and Rec, but the only area that they had control of was the area along Beech Street, and again that would probably be used exclusively by the team for their players and staff.

Alderman Gatsas stated this agreement makes no accommodation for Central High School once there is a completion of Gill Stadium.

Mr. Sherman responded you're talking about again for the practice.

Alderman Gatsas stated correct.

Mr. Sherman responded yeah, you're correct, and that needs to be addressed. We need to go back and talk to the developers, talk to the stadium developers and find out again what exactly Coach Schubert's issues are there, when he would need to use it and work out those arrangements. I think we've got that covered when we talk about the non-disturbance and working with the City to make sure that all that is done in cooperation with each other.

Alderman Gatsas stated I think there has to be a particular situation that we look at. Central High practices on a Friday afternoon in September, and the baseball team plays Friday night. My concern is that the team is displaced and they say, "Can't use the showers, can't use the locker rooms, there's a game going on."

Mr. Sherman responded again, I think we need to get into the details of that scheduling and sit down with all the parties, and I fully agree with you, Alderman, again we've run into the situation of how far do you go on that side until you know that it really is something that needs to be dealt with.

Alderman Gatsas stated but you're asking for us to approve this lease tonight without any of that in front of us.

Mr. Sherman responded yeah, we are, and I think the situation that we're in is in order for the team to proceed, we need to have this agreement in place and again, it doesn't kick in until August. We certainly can go back. I think we've had total cooperation from the developers, both the land developers and the stadium developers that they will accommodate whatever the City needs. Again, they've given us permission to use the stadium when we're not in there.

Alderman Gatsas asked are you saying that in a two-week period, that we couldn't get a lease that talks about accommodation of 90 kids?

Mr. Sherman responded I think the situation that you run into is there's probably more than one scenario. I think the scenario that you have is clearly a viable one that needs to be dealt with. I'm not sure there aren't others, and again what we put in the lease is that there would be total cooperation and they would accommodate and work around the schedule so not to disrupt those activities, so until we get into hours and game schedules, you know again if you're talking football season, the baseball team's not even there.

Alderman Gatsas stated if they're not playing baseball in September, I don't know if we want that baseball team here in Manchester.

Mr. Sherman responded and you're right. They probably hit camp in what, mid-August?

Mayor Baines interjected there probably would be very few conflicts.

Alderman Gatsas stated no, I would say that that's probably playoffs.

Mr. Sherman stated as the Mayor just said, there probably would be very few conflicts. I think your main conflict...

Alderman Gatsas interjected you're talking about from August to the middle of October, so I would say that your conflicts are going to be there, and they're going to exist.

Mayor Baines stated but Alderman, the commitment is very strong to work through all these, and we certainly will commit to doing that.

Alderman Gatsas responded Your Honor, I appreciate very strong, and I understand the commitments. I think this Board has been patient, going along with the developer, waiting for the Red Sox to say, "Play ball." And I think that to get a lease to make sure we address the concerns that some of us may have for Central High School, I think we should do it. I don't think there's any reason that we need to sign a lease tonight or agree to a lease tonight, until those are worked out, and if it's two weeks to work them out, then I think that 90 students that participate walking a mile and a half to get to a practice field, walking through locker rooms to take showers, practicing on a field that's less than 80 yards, I think is something we need to talk about.

Mayor Baines stated I'm going to have Mr. Sanborn address the group.

Kurt Sanborn stated certainly Alderman Gatsas, we're renovating Gill Stadium to allow the baseball team to play there for one year, but probably the bigger picture of this is that we're trying to create a facility that's beneficial to the athletes of Manchester, and I think City staff has stated that we'll do whatever we can to accommodate, and if it's showers, we'll do the showers. We'll make sure that Central High School does not have a problem with that.

Alderman Gatsas stated I totally understand that, and I think that putting that into this lease to make sure everybody's comfortable in a two week process for this Board to go forward and ratify a lease I don't think is a big deal, unless there's something else in here that people are nervous, are delaying, or waiting for something.

Mr. Sherman responded I guess what I'd do though, if you want to turn to page ten, section 18.2 under landlord's access, it says the tenant shall schedule all work needed to complete the improvements, all practices and all games to the extent reasonably practicable so as to minimize the disruption of the landlord's use of the premises. Again, we think we're covered there. Now again, do we have specifics on a night by night basis, on a use by use? We don't, but that's why this section was put in there.

Alderman Gatsas stated I think that there should be some sort of blanket effect that covers them without any question.

Alderman Lopez asked Randy, if the stadium doesn't go, do we own all the plans and all the testing and everything that's been done so far or does that belong to the developer?

Mr. Jabjiniak responded all the plans and all the testing that has been done is the property of the developer.

Alderman Lopez stated but if the stadium don't go because of the...if we had to pay him money if we didn't vote on the bonding, what are we paying him for? We'd have up to \$250,000 for the stuff that he's already paid. Why wouldn't we own the testing and everything else, the material down at Singer Park?

Mr. Jabjiniak responded he has put the money up. He has taken the risk of going forward and doing the investigative work that it was ordinarily our responsibility. He's paying for it. He owns it. It's as simple as that.

Alderman Lopez stated I notice that Mr. McCabe, you indicated in your letter that was dated the 19th of November in reference to the \$250,000, now you also said that, and I'd like you to elaborate just a little bit on it, likely that the land developer would not proceed with the project, there would be no funds available to reimburse the stadium developer in the event, signed by you. Could you help me out here?

Mr. McCabe responded the way the MOU works on this provision is if the stadium project does not proceed, and the stadium developer has to date put a large amount of money into the project, there is an obligation of the City which is a conditional obligation to reimburse the stadium developer its actual costs up to \$250,000. The condition is that the \$250,000 reimbursement would only come out of proceeds that the City receives from the land developer to the extent the land developer develops the property. So if the land developer proceeds, there's no stadium, but the land developer under the master lease goes and has a hotel built, puts a peaker power plant in place, the City receives tax revenues and some revenue 20 percent of effectively the profits made by the land developer, we meaning the City would be obligated under those circumstances if the stadium developer is not in default or the project just didn't proceed, to reimburse the stadium developer up to \$250,000 out of

the if you want to call it profits the City is receiving from the land developer's action with respect to the property.

Alderman Lopez stated Randy, some people have contacted me and asked me why you would not use a market value versus assessed value. Could you explain why you're using assessed value versus market value?

Mr. Sherman responded it's as simple as your property taxes are calculated based on the assessed value. We need to generate the property tax revenue to pay the debt, so if I use a market value, that doesn't generate more or less dollars. I mean, the assessed value is where the calculation is.

Alderman Lopez asked have the assessors had any input into this project?

Mr. Sherman responded I have talked to Mr. Tellier a couple of times about the hotel and about the peak power plant. I know they've done a little bit of research, but obviously until you get further down the line, and they can see you know size of the hotel, number of rooms, quality...they obviously have never done a peak power plant, so I gave them a couple communities that had those. We talked about Gill Stadium and the fact that the lease would probably require a property tax.

Alderman Lopez stated so he's researching that for you now.

Mr. Sherman responded yes.

Alderman Lopez stated I guess Bill, one of the discussions that we've had previously is that if the stadium didn't go and talk was that the hotel was still go, will the hotel still go?

Mayor Baines stated Alderman Osborne, the question that you asked way back has been asked again and the time is now.

Mr. Jabjiniak stated David Rodell from Rodell Partners is here. He's been the hotel developer since the beginning, and I'll let him address the question specifically.

Alderman Osborne asked what phase is it in now?

Mr. Rodell responded since the beginning which was about a year ago, we got in contact with the developer, and we've only looked at this project from the standpoint of the stadium development and the riverfront redevelopment, so I could say that the hotel would go when the stadium goes. That's been our stance since the beginning.

Alderman Osborne asked if the stadium goes, does the hotel still go? If the stadium doesn't go, does the hotel still go?

Mr. Rodell responded we've never looked at the project from that standpoint, so I couldn't tell you tonight. I would doubt it because we've done all our research based on the stadium going.

Alderman Osborne asked and what factor is that? I mean what do you mean by that?

Mr. Rodell responded when you look at the entire project, the 15-acre project, our three-acre parcel of the hotel fits in nicely with the entire redevelopment.

Alderman Osborne asked is that looks you're talking about or are you talking about money? Are you talking about looks or money? What do you mean, it goes? There's lots of hotels don't have stadiums around them.

Mr. Rodell responded no, but this project is on a piece of property now that's not developed, so we're looking at it as an entire redevelopment, and that would include a stadium.

Alderman Osborne stated one more question or two more I should say. And how about the retail end of it? How is that coming along?

Mr. Rodell stated I have nothing to do with the retail portion of it.

Alderman Pinard stated we don't have the ballpark, you don't build the hotel. Is that what you're saying?

Mr. Rodell responded that's what I'm saying tonight, yes.

Alderman Pinard asked for what reason?

Mr. Rodell stated well again, we're looking at the project as the entire project.

Alderman Pinard asked are you telling me that the ballpark is going to support your hotel and that the rest of the stores that is going to be there or whatever is going to be there?

Mr. Rodell responded I think when you look at hotel site selection, you look at where the hotel is going, and although Manchester has a very vibrant hotel market, the area where the hotel would sit without a redevelopment is not the best hotel site. I think you have to look at from a hotel site selection what is going on around you, and certainly that activity would help you.

Alderman Pinard stated I think that what's going around you without the ball club should be sufficient enough to have the hotel there.

Mayor Baines stated but Alderman, it's his dime, and they're going to invest in an environment that they want to invest in.

Alderman O'Neil asked just for clarification, David, how many hotels have your family developed over the years?

Mr. Rodell responded the family started in 1968. We developed about...we formally owned Suisse Chalet hotel which had 40 hotels. We've owned, managed, and operated probably up to 75. We currently franchise E.F. Hilton and Holiday Inn Express. We currently own and operate three hotels since our sale of the Suisse Chalet hotel chain three years ago.

Alderman O'Neil stated so my point being that I think your family knows the hotel business pretty well.

Mr. Rodell stated I'd like to think so.

Alderman O'Neil stated and the fact that you live and are a resident of the City of Manchester, so you take special interest in this.

Mr. Rodell responded I'm a resident and Chalet Suisse, which was the former company, has been a New Hampshire company since its inception in 1968.

Alderman Osborne asked if the Red Sox don't sign off, is this project still a go with the hotel?

Mr. Rodell responded the Red Sox are only part of the things that need to happen before the whole development goes through, so I think we're...we've been working with the City. We're working with the City on the master lease. We still have to work with the City on our particular sublease, but we are waiting for everything else to happen.

Alderman Osborne stated what I'm trying to say is if it doesn't happen, is the hotel...

Mr. Rodell responded once again, we've only looked at this from one direction. That's been the stadium and this redevelopment so without that, I really couldn't say.

Alderman Gatsas stated I noticed that on this lease that it's still in an LLC Manchester Downtown Visions LLC, and I noticed that it's only signed by members and not personally. Have we not discussed about personal signatures?

Mr. Sherman responded we have and in all honesty, they have made a proposal that we haven't fully evaluated. I can tell you that I have done my financial due diligence on the parties involved, and personal guarantees would be a good thing. The issue with the Gill Stadium lease is the fact that they're putting their million dollars up front. There really isn't much left for the personal guarantee to apply to that and when we get into the master lease, it's more of the same. I think where we probably will start looking for the personal guarantees is when we start getting into the stadium development and the management agreement.

Alderman Gatsas stated follow-up. The master lease that you're asking us to agree to today talks about many other things in here. It talks about alterations and completions and purposes below the \$40 million without prior consent. I mean the million dollars in the Gill Stadium operation is no inclusion of cash if the baseball team doesn't come.

Mr. Sherman responded that's right.

Alderman Gatsas stated so we are at this point...you're saying that your professional opinion would require personal signatures and personal guarantees and why aren't they here? As your evaluation of a City officer, well I guess you're not the City officer, I guess Kevin Clougherty is the City officer, are you telling us that we should be not looking for personal guarantees...I mean we've got...TRC is a company that's doing the power plant.

Mr. Sherman interjected are you moving on to the master lease at this point? I guess what I'm saying is on Gill Stadium, okay, when that goes into effect, they deposit the million dollars up front.

Alderman Gatsas stated I understand that, but I would hope that if we're going to have individual conversations about individual leases, then we should have done this over a five night period, but that master lease is the biggest concern I have, and that doesn't show anything for personal signatures.

Mr. Sherman stated should we move on to the master lease at this point.

Alderman Gatsas stated because the others should all be subordinated to a master lease that's signed with personal signatures, and the lease at Gill Stadium should have personal signatures on it.

Mayor Baines stated we haven't gone to that yet. We will proceed to it. I just want to know if there are any questions...

Alderman Gatsas stated the \$250,000, I assume that the amount that we're relinquishing of the \$250,000 that we will receive affidavits and data showing actual expenses incurred. So if they've only spent \$100,000, we would only pay them \$100,000.

Mr. Sherman responded exactly. Oh yeah.

Alderman Gatsas asked that's in the agreement? Can you show me where that's in here because I thought it was an automatic \$250,000 that was paid.

Mr. Sherman responded wait a second. Maybe I'm not understanding. Which \$250,000 are you talking?

Alderman Gatsas stated the \$250,000 that we must relinquish to the baseball team.

Mr. Sherman responded okay, as far as what they've spent.

Alderman Gatsas stated correct.

Mr. Sherman responded okay. You'd have to go back to the MOU for that.

Alderman Gatsas asked is there something in there? I guess Ropes and Gray is coming right to the table.

Mr. McCabe stated if you take a look, Alderman, at section 14.2 of the memorandum of understanding, it indicates that there'll be a reimbursement of the stadium developer its direct actual third party out-of-pocket costs and expenses incurred in connection with the project up to a maximum reimbursement amount equal to \$250,000, and it would be the expectation of the City to request invoices showing those costs before there's a reimbursement amount paid.

Alderman Gatsas asked and once it's reimbursed, those plans...everything else becomes property of the City?

Mr. McCabe responded no. There is not a provision in here to turn over information to the City by the stadium developer. I will point out that if the land developer is still going forward, they would still need all of those materials for purposes of developing the rest of the property.

Alderman Gatsas stated right, but if none of the property gets developed, then we should include that as part of that belonging to the City if we're paying somebody for it. It makes no sense to pay somebody for it, and let them continue owning it.

Mr. McCabe responded that is something that was not negotiated at this point with the developers. I will note in my experience that when one pays a fraction of the cost, one generally doesn't necessarily get the materials that go along with it. We've been told that they've spent several multiples of the \$250,000 in their costs to date.

Alderman Gatsas stated and certainly if they've spent more than \$250,000, I would not believe for one second, the City should own that for less than what they paid for it, but if they've paid less than \$250,000 or up to \$250,000, and that's their entire expense or exposure, then the City should own it.

Mr. McCabe responded I don't disagree except that we have been told they've spent more than that which I guess wouldn't buy us what they've spent. This is where the provision is presently negotiated to. That doesn't mean it couldn't be negotiated to something else.

Alderman Gatsas stated so we could add that in the master lease. So we could add that in the master lease? That could be added to the master lease?

Mr. McCabe responded it could be. Let me mention on the personal guarantee issue with respect to the master lease that the obligations under the master lease are actually reasonably minimal and have other provisions in favor of the City. If the developer does not move forward with the development, it begins to forfeit various of the parcels that it is supposed to develop. So effectively with the master lease, they have an option to develop the property. In the meantime, they're required to pay real estate taxes. If they don't pay the real estate taxes which is the real amount due the City during that time period until there's other revenues being produced, then the lease would be in default, and it could be terminated. The decision that was made here under, looking at analogous circumstances, is that there were not large obligations that the developers would get in default of that the City needed to have a recourse on with respect to the master lease. When it comes time to develop the stadium, there's a different set of risks and the City would be taking on a much larger obligation, and that may be a different set of circumstances to think about the personal guarantee situation.

Alderman Gatsas stated so you don't feel that the City is at risk for parcels of land that somebody may be subletting to somebody else.

Mr. McCabe responded before a sublease can go forward, the City has to approve the sublease, so we'll understand the terms, and the City will understand who the developer or subleasee is and be comfortable with that party being an experienced developer and operator. That's one of the conditions for allowing a sublease.

Alderman Gatsas stated we just did an agreement with... is it TRC the power plant...that if a baseball field doesn't go, if the hotel doesn't go, if the high rise doesn't go, if the retail doesn't go, TRC still goes.

Mr. McCabe responded there is a separate MOU between the City and TRC that if the other projects don't go forward, the City will allow them to develop a power plant on a small portion of the project that is slated for a peaker power plant in any event. Yes, that is correct.

Alderman Gatsas stated but I don't think this Board ever understood that.

Mr. McCabe responded I believe that was included within the MOU that was approved with TRC.

Alderman Gatsas stated so in essence, we have allowed something to go forward without knowing the financial stability of TRC.

Mr. Sherman responded no. Again, we did our due diligence on their finances. So yes, we are aware of their financial condition.

Alderman Gatsas asked are they a public company?

Mr. Sherman responded yes, they are.

Mayor Baines called for a ten-minute recess.

Mayor Baines stated let's go on with the presentation. We'll talk about the master lease now. Go ahead, Randy.

Mr. Sherman stated the master lease that you have in front of you, this is the document that now that we would effectively have terminated the Riverfront Foundation lease, the City now can enter into the master lease and get the land developer control of the property. Now, the parcel down there is in excess of 25 acres. It's close to...I think it's actually 25.9 acres. The master lease is only for 15.9. What we have done is carved out the parcel from the lease where the stadium is going to go, so the City will continue to keep control over that parcel as we proceed. Back in November, we originally talked about the fact that we would lease that parcel along with this 15.9 acres to the developer and then sublease it back. After further review, we've decided that it probably gives the City better protection to control that parcel. The lease payment that will be being made on the master lease is a dollar a year plus 20 percent of the net revenues that are generated from the subleases. Again, as I mentioned a little bit earlier, those subleases will be coming back to the Aldermen. I know that the land developer has had some pretty in depth discussions with not only the hotel but the power plant people dealing with the retail and residential, and we expect to have some of those subleases back probably within the next 45 to 60 days. And all of those subleases do have to be approved by the Board. Again, once we sign into this master lease, the land developer is therefore responsible for all maintenance, operating costs, and will start paying property

taxes. Just a little refresher again. I'm sure everybody is aware, these are the four parcels that we're talking about—the hotel, the power plant, the residential, and the retail. Again, they have to come up with this \$40 million minimum assessed valuation or there is the ability for the City to pull back certain parcels if they're not developed under a certain time frame. And if they come back and they say for example that they don't think the residential development is going to work, if you recall in the MOU, we gave them the right to come back and make an alternate proposal, and again, so if they're going to be making any of those changes, it does have to come back to the City. As part of the stadium development, if you recall, we were concerned on the \$40 million of assessed valuation that as we started to see those developments go forward that the property taxes may not be kicking in as soon as the debt service would be kicking in, and what we had asked for was that there would be either a cash escrow or a letter of credit put up by the land developer equal to three years worth of debt service. Now, that's not three years worth of property taxes. That's three years worth of debt service. That escrow or letter of credit would actually burn off as the assessed valuations came on and started paying the property taxes. It could also be reduced if we actually get further security from the stadium developer. Now the land developer, once he takes control over the property, is now responsible for extending the Riverwalk all the way northerly to the Langer Building, and thereafter will maintain the Riverwalk from the Langer Building down to its southernmost point which I guess is somewhere right now around Queen City Bridge. Final site plan, they are still you know moving buildings around and talking to retailers and doing some residential studies. The site plan that is attached to the master lease, you will see the hotel parcel is clearly delineated. The parcel south of the Hands across the Merrimack is clearly delineated. There are lines there for the retail and residential, but the way the master lease is actually written at this point is that is one consolidated lot, and they have to come back by May 31st with what we're considering to be a final plan.

Alderman Osborne asked on that \$40 million, how much is in line now? How much would you say is put together right now on the \$40 million?

Mr. Sherman responded on the \$40 million, we estimate that the hotel is probably in the \$10-15 million range, and I give you such a wide range because there's discussion of more rooms. I mean the number of rooms hasn't been settled on yet. The peaker power plant we estimate is going to be in the \$25 million range, so hopefully those two together will get us to the \$40 million. If not, then they need to put in some of the retail or residential to get us there, and again, if either one of those falls off the map or you know runs into something fatal and doesn't happen, then they need to substitute alternative valuation.

Alderman Gatsas asked Randy, would you consider this property City surplus property?

Mr. Sherman responded I would consider that I probably should ask the City Solicitor whether he does. I mean, the property has sat there for years. Most of it's undeveloped. It

doesn't generate any property taxes. As far as what the legal definition of surplus is, I guess I'd refer that to the Solicitor.

Alderman Gatsas stated I'll give you a definition by ordinance. "Real estate owed by the City which is not required for municipal purposes either presently or in the foreseeable future." I guess if I'm going to ask...I'll follow up to the City Solicitor. Tom, can you correct me if I'm wrong that if it is City surplus property that we should be going through an RFP or disposing of the property by appraisal, a written opinion of market value.

City Solicitor Clark responded the City set up the surplus property ordinance many years ago to try and handle requests for property purchased by individuals in order to insure that property was being disposed of at fair market value, which you have to do. It required the assessors to give an opinion of value or some other means to set up the fair market value. That ordinance is something that was established by this Board. It can be followed by the Board if it wants to. It's not required to be followed if the Board wants to do something different. It basically says that property that is no longer needed by the City can be surplus and can be sold.

Alderman Gatsas asked is it my understanding that there's something in here that we need to take some ordinances and repeal them?

City Solicitor Clark responded not repeal them, no. There is an ordinance in your packet that was passed out by Mr. Jabjiniak that would in effect exempt this project from being referred to the committee and following that process.

Alderman Gatsas stated so it is surplus. So the City didn't take the procedures that we normally take for a piece of property that we would be selling to get the assessors value to go forward.

City Solicitor Clark responded at this point, it hasn't gone through that process.

Alderman Gatsas stated but we have an agreement...we have something in front of us that we're looking to circumvent that situation.

City Solicitor Clark responded they're looking for the Board to exempt it from that situation.

Alderman Osborne stated I just want to get back to the power plant. So that's a go right now, right? So that's \$25 million. Is that what you're saying?

Mr. Sherman responded they are in the process of entering into discussions with Public Service of New Hampshire, Keyspan for gas to the site. They obviously have to go through a licensing process, so is it a definite at this point? No, but they are proceeding.

Alderman Osborne stated well, not definite, but three-quarters of the way anyway.

Mr. Sherman stated they're proceeding.

Alderman Osborne stated so this would be \$25 million right off the bat.

Mayor Baines stated Randy, why don't you proceed.

Mr. Sherman stated now again, I've gone through all the issues on the master lease. Again really what the master lease does is it gives the land developer access to the property. He can now start to enter into his subleases. Again, those subleases will be coming back to the Board, and their rental payment is the 20 percent. They need to get this master lease in place so that they can start to work towards meeting their time lines that were laid out in the MOU. There were certain conditions that they needed to meet to keep that MOU in place. That construction had to be started and finished by certain dates, so that's the critical path that we're on here.

Alderman Garrity asked Randy, if the power plant is a go and the stadium doesn't happen, doesn't get bonded, obviously the hotel is not going to go, we've been told if the stadium is not bonded, do we still reap the tax dollars from the power plant?

Mr. Sherman responded yes, you would.

Alderman Shea stated number one or the first power point, cash, escrow, or letter of credit for a total of three years of debt service, are you in a position to tell us how much they're going to pay or how much that's going to come back?

Mr. Sherman responded well based on the calculations that we did last November at the rates where general obligation bonds were in November, that would total about \$5.4 million.

Alderman Shea asked \$5.4 million over the course of the three years?

Mr. Sherman responded that would be all three years, right.

Alderman Thibault stated Randy, I know when we first started to talk about this area, there was a potential for hazardous waste of some kind there. Who is going to be liable for this? I forget. I know that it was talked about, but I forget as to who is going to be responsible for the remedial of that solid waste or whatever if any is found?

Mr. Jabjiniak responded the developer will be assuming responsibility for remediation or working with the site in its current condition to achieve the development as proposed.

Mr. Sherman stated the last thing that we wanted to kind of run through, and we've kind of hit on a number of this, is just a little recap again on the financing piece. Again, we talked about the \$25 million. We talked about the additional \$2.5 million. Now we've also I guess touched upon how this is all being paid. It's the \$750,000 and again the fact that that \$750,000 is a floor and can be increased depending on actuals. I think when we did the first study on the civic center, they said average attendance at the hockey games was going to be 4500. Well, we all know that we've literally blown that number out of the water, and what we've got in this here is a provision that if that happens at the baseball, the City has the ability to go in and get some of those additional dollars towards the debt service. Again we talked about the \$40 million and the property taxes that it generates. Total new development is going to generate \$2.6 million. The land developer is committed to \$150,000 annually from the hotel land lease to the debt service, and when you add that all up, our total revenues are \$1,950,000. Based on the \$40 million and the debt service is the \$1.8 million. This is the graph that we had sent out back last November. I apologize, I really didn't have an opportunity to walk you through it, but this line here, from here to here, is the total amount of property taxes generated off the site. So obviously we started at zero down here, and it will grow as the first \$40 million comes on, and then it continues to grow going out. This here is the land lease. Let me back up. This line right in here if you can see it is the debt service. So the way the debt service is getting paid, it's the land lease here. It's the minimum of the \$750,000, and then these two areas right here are coming out of the property taxes. They're in different colors though because this amount here is what's paying to Gill Stadium. So it's only this portion right here that is coming in to pay for the City-owned baseball stadium down on the riverfront. So again, if you take the line for the property taxes, it actually runs up here and runs across the bottom of this color here and this is all going into the general fund.

Alderman Wihby stated just to make that clear Randy, some people might interpret that you're saying that we're using that amount, that darker blue amount as if it's you know costing the taxpayer money. It's the whole thing is all light blue, but that part of it is being used.

Mr. Sherman responded that's right. This area again in here, from here all the way up under here, is all property taxes. That's hopefully where that line...

Alderman Wihby interjected due to this project.

Mr. Sherman responded due to this project. That's right.

Mayor Baines interjected that we would not have if we didn't have this project.

Mr. Sherman stated so in essence, we're using actually very little amount towards the baseball stadium and Gill Stadium, but again this is what's generated, and I capped it at a three- percent growth per year.

Alderman Garrity stated Randy, can you back up a couple screens there. It was the one with the \$1.8 million and the...yeah, that one down there, the last line, debt service on \$25 million. What's the debt service on \$27.5 million? Because aren't we committed up to \$27.5 million possibly?

Mr. Sherman responded we've committed up to the \$27.5 million, but the additional \$2.5 million, they pay 100 percent. Go back one more screen. The stadium developer will pay the actual cost of that additional \$2.5 million. The document that you have in front of you tonight, you actually have the authorizing resolution. What the authorizing resolution does is it will authorize the Mayor to sign the Gill Stadium lease. Actually, start with the Riverfront. It'll authorize the Mayor to terminate the Riverfront lease that has been assigned from the Riverfront Foundation to the land developer. It will authorize the signing of the Gill lease and the master lease. That is all in that one resolution. And then the other two items that you have in front of you are the rezoning request and the shoreline protection exemption request, and I'll have to pass that on to somebody else if you'd like to discuss those last two items.

Mayor Baines stated Mr. MacKenzie was here, and we're trying to locate him because he was scheduled to make a presentation, but we'll wait.

Alderman Guinta asked can you just itemize how we get to...each amount that goes towards the \$1.8 million debt service. Just a quick list again.

Mr. Sherman responded what's not on this screen...let me go back one more. You start with the \$750,000. Actually maybe it'd be better here. You start with the...here's the \$1.8 million, is this line right here. We have the \$750,000, which is the majority, the larger component of it. The \$750,000 is the stadium lease payment. We have the \$150,000 commitment from the land developer for the land lease revenues coming from the hotel. That's this blue line here and then these two items here are the property taxes. Now again, if I go back here, what we assume the property taxes are on the \$40 million and this is using today's tax rate. It generates \$1,050,000. So what I did is I took the \$1,050,000. Add in the \$750,000. And add in the \$150,000, and that gives you this number down here, the \$1,950,000, and that's as compared to the \$1.8 million for the debt service. So really what I have in the \$40 million is a small cushion in there, and again this is at today's tax rates. As tax rates change, this number will change.

Alderman Guinta asked can you just go back one to the property tax. Was there a slide that identified the property tax amounts?

Mr. Sherman asked per property?

Alderman Guinta responded yes.

Mr. Sherman stated no. There isn't.

Alderman Guinta asked it's divided into two?

Mr. Sherman stated it's all going to depend on where the \$40 million comes from. If the hotel comes in at \$15 million and the power plant is at \$25 million, it'll just be those two. If the hotel comes in at \$10 million, and the assessors determine the power plant is only at \$20 million, then they've got to come up with another \$10 million.

Alderman Guinta stated so that was the question that I was pointing to earlier. If we don't meet the \$40 million assessed value, you're at \$750,000 with the stadium, \$150,000 for the land lease, and the bulk of it comes from the \$40 million assessed, so if we fall short of the \$40 million assessed, at what assessed value do we become negative? Or do we not...do you understand the question?

Mr. Sherman responded somewhere around \$35 million is where our breakeven would be.

Alderman Guinta stated so if we're under that number, what happens at that point?

Mr. Sherman responded if we don't reach the \$40 million, we don't issue the financing, unless again, they want to come up with an alternative security to provide the debt service.

Alderman Guinta asked is there a scenario in which we would meet the \$40 million requirement today, but at a later date, it would fall below the \$40 million?

Mr. Sherman responded we actually contemplated that in the master lease, and maybe this is an opportunity for Walter to come up and explain exactly how we dealt with that, cause we did have that concern.

Alderman Guinta stated I just want to preface why I'm asking this question. When people talk to me about am I in favor...am I opposed or in favor of this project, the question that I'm asked most is how is this going to affect the tax rate, so I want to be very clear before we vote, and I want to be very clear in how to answer this question why this is a secure deal, and this I think gets to just the nitty gritty of why at least in the argument to this point or the proposal to this point that this is a tax positive deal.

Mr. McCabe responded take as the starting point that before you proceed to finance the project, you will have \$40 million worth of tax assessed value. In addition, there are requirements that they actually proceed with construction development of the project or the land or portions of it will come back to the City. So that presumably the \$40 million of assessed value will be considered assessed by the assessors when there is a reasonable likelihood that the development is proceeding and has proceeded to such a stage that they are able to put a valuation on it that supports the tax number, and they are feeling comfortable that that's the right assessed value to the portion of the property that adds up to the \$40 million. At that point, the reasons why the property would go under the \$40 million of assessed value, remembering that's only two of the four pieces that would be needed for that, would be if a) let's assume none of the other portions are developed, those parts will come back to the City. In other words, the developer doesn't get to keep and sit with them undeveloped and not result in increased taxes from development to the City. The parcels that were developed would presumably...either of several things could happen. There could be a casualty or taking. There are then arrangements in the lease to divide up the proceeds so that proceeds are potentially available from the insurance proceeds if there's a casualty or from condemnation award and this would really be a state taking or a federal government taking, given that you are a City. It's not very conceivable, but it could happen so that the City would receive a portion of that compensation, so that you would be left without a leased property generating real property revenue, but you would still end up with certain proceeds. Those numbers may not exactly match, but there is a formula in here in order to give a portion of those proceeds. The other situation could be if a property devalues over time. The hotel starts out as a Hilton and becomes, not disparaging anyone in particular, but a Motel 6, and the value drops, and there is really no protection for the City should that happen other than the fact that overall, the assessed valuation for the entirety of the four properties, of the four parcels or portions of the project should be well in excess of \$40 million over time. The other thing that happens over time is that the project is paid back a little, and there's an additional cushion in here. It's not perfect. You could have under certain scenarios a devaluation of the property not supporting the tax revenues, but it's based on and designed, and I'll let Randy speak to the numbers, on the idea that under the various scenarios, you should have adequate tax revenues to support the portion that isn't being paid by the management fee, the \$750,000 per year.

Alderman Garrity stated Randy, let's say everything goes through and ten years down the road, I'm kind of piggybacking on Alderman Three here, ten years down the road, we have a bad recession. Assessed values go way down. It's the property tax payers that are going to pick up the portion of...if it doesn't make the \$40 million or the breakeven point, is that right?

Mr. Sherman responded ten years down the road, if the total tax revenues generated from the site are less than the dollar amount that we need to cover the debt service, yeah, it would come back. It's a general obligation bond. It would come back on the City. Now, that being

said, the \$40 million is the minimum. They're talking of \$80-100 million of assessed value down there, and the property tax rates change. That again is at today's rate.

Alderman Garrity stated I don't think we should be talking about \$80 million because I don't see any \$80 million figure in here. We're talking about \$40 million in all the documents, okay. What happens if the team up and leaves, and the stadium is empty for a year or two? Who foots the bill?

Mr. Sherman responded what we and again this will come out when we get into the development and management agreements, we will be requiring probably at least three years of rental payments from the team, so again if they decide to back a truck up on a cold Saturday night in November and want to move the team back to New Haven, we've got a three-year window for us to find a new tenant.

Alderman Garrity stated and if we don't find a new tenant in three years, say it goes four or five years, the taxpayers are footing the bill, right?

Mr. Sherman responded well, and keep in mind...

Alderman Garrity interjected but it's \$750,000 right?

Mr. Sherman stated keep in mind, they also have broken a lease, so you do have your legal remedies available.

Alderman Garrity asked what happens if they go bankrupt?

Mr. Sherman stated yeah.

Alderman Gatsas asked for a clarification on that. If the entity that's holding the lease on the property is an LLC with zero value and the team is not part of that LLC as an equity position, there is no risk, and the lease was broken by a limited liability company that has no value, so the statement that you just made to Alderman Garrity is not true.

Mr. Sherman responded no, that's where we talked about earlier that when we get into the development agreement and the management agreement is where we probably will be looking for the personal guarantees.

Alderman Wihby stated Randy, in all the years that we've done bonding and worked on projects and stuff, a few times we've been asked things weren't working good, we've been asked to refinance or help them get additional bonding or like Wall Street for instance and stuff, where they actually came back to us, and we were put in a position where if we said no, we were worse off than saying yes, but saying yes was costing us money. Is anything

like that happening in this type of project where they'll come to us asking us to refinance it or get additional bonding or something where we're put in the position where if we say yes, it's going to hurt us but not as much as if we said no, so we go ahead and do it, but it just gets us deeper and deeper. And if we get fallback positions like we did in Wall Street project and all that stuff.

Mr. Sherman responded the projects that you mentioned, I guess Wall Street and Center of New Hampshire, you know we've refinanced a couple of times. Those that have been done like this that have been extremely successful is like the Mall of New Hampshire. You know, they paid us for years for some of the infrastructure work that we did.

Alderman Wihby asked is there a scenario where the Wall Street or ones that we had problems with or refinanced, that could happen to this project?

Mr. Sherman responded we certainly wouldn't look to refinance the City's debt. The only scenario I would see is if they're having a hard time meeting the \$750,000. I mean that would be their issues, that they can't make that payment any more, but again that's where we're going to be looking for escrows and letters of credit to give ourselves to deal with those situations which is not unlike, again, what we did with the Monarchs. They have a letter of credit in place, and we have certain guarantees that give the City the protection. You can only put in so much protection before it gets to not be viable from the other side. That's the balance.

Alderman Wihby stated let's assume we didn't want to refinance. We don't have to. It would be up to us or is there something built in that said if they have problems...

Mr. Sherman stated I think that certainly would be up to the City to decide whether they wanted to renegotiate.

Alderman Wihby asked nothing is built into this contract that would make us do that?

Mr. Sherman stated not at this. Again, if we're going to talk about something like that, it'll be in the next agreement, the management agreement. What Walter is pointing out too is the \$5.4 million letter of credit that we'll have up front to cover the debt service. You know, that's probably, I tend to agree with Walter, that's probably where you're biggest risk is, is in those early years. And again, if we've got three years of debt service, and again if I've got a team playing there, I don't need three years of debt service. You know, there's other provisions that are built in to give us some of those protections.

Alderman Shea stated I know we've talked a lot about financing and so forth and this goes into the design and architect of the stadium but will it be possible to have alternative uses for this particular facility? In other words, if for whatever reason, the baseball program after a

certain length of time is not feasible for the stadium use, is there other uses that are going to be possibly developed, lacrosse, soccer, football, whatever, you know is that going to be part or is it strictly going to be a baseball stadium and nothing can...

Mr. Sherman responded initially it's intended to be a baseball stadium. I mean I think you've seen in other locations, Gill Stadium for example where you can fit a soccer field or you can fit a football field on it and you can use it for alternative

Alderman Shea interjected Schaeffer Stadium too, right for soccer.

Mr. Sherman stated that's one. One thing that you know we told Chris when he was doing his projections is don't count on any other revenues. You know, they might want to hold a fair there, and just use the field, and we said don't count on any of that. We want theoretically just the baseball stuff, but there are other uses for them. I wouldn't...

Alderman Shea interjected what I'm saying is in the construction of or the design, is it possible for people to say, we'll make it a baseball stadium but for a limited amount of money, we can convert this into some other kind of use in the event or the possibility that for whatever reason, it's not going to take off as far as a baseball program.

Mr. Sherman responded my guess would be that the real issue would be is how much foul territory you have because that's what you would need to use to you know, situate the other fields on there.

Alderman DeVries stated I'm addressing the variances from the MOU, and you talk about the pilot agreement for property taxes. I'm just wondering if you can clarify for me why we changed from an agreement in lieu of taxes to actual property taxes or assessed values.

Mr. Sherman responded because the assessors made us. They told us we couldn't have a pilot agreement. It would be the actual assessed value, and what we have...

Alderman DeVries asked based on what, state statute or...?

Mr. Sherman responded yeah. We're not allowed to enter into the pilot agreements. What we do have on the power plant site is a minimum payment so they will pay their property tax, but if it doesn't match the minimum payment, they will be making an additional payment to the City more in line of like a rent payment or something, but it's not...

Alderman DeVries asked how does that vary from a pilot agreement?

Mr. Sherman stated the issue is that they were paying their property taxes, and I certainly haven't followed the legislative history on it, but I think the issue is people were trying to cut

deals. I know your assessed valuation will give me \$4 million but if you come to my town, I'll only charge you \$3.5 million. And I think that's what they have tried to prohibit, so in this scenario, we're getting the taxes and we may be getting a little bit more.

Alderman DeVries stated on the power facility.

Mayor Baines stated we're going to proceed to the next part of the presentation, Mr. MacKenzie, now that we located him. The record will show that he was in his office working.

Mr. MacKenzie stated good evening, Aldermen. I will try to brief. I know it's been a fairly long night.

Alderman Guinta stated before Bob starts can I just ask one more. Two quick questions. One, the civic center was a zero risk deal, correct?

Mr. Sherman stated the civic center was a zero risk deal to the best that you could get it to that point.

Alderman Guinta stated and that's because the payment for the civic center is based on rooms and meals money.

Mr. Sherman responded that's right.

Alderman Guinta stated...which is insured.

Mr. Sherman responded if we do not receive the rooms and meals money, the City is not required to make a payment to the Housing Authority. If the Housing Authority doesn't receive that payment, in order to pay the bond holders, they would put cash in through some reserves that they have set up but after the reserves, they could cash in, and the insurance company would step in and make those payment to the bondholders. Now the insurance company could also come in and take the facility. If they're making the payments, they want to control the facility.

Alderman Guinta stated and do we have a similar...but we don't have that final...

Mr. Sherman stated you haven't gotten to the development and management agreement yet, right.

Mayor Baines stated that will be another phase, Alderman, but Alderman Shea would like to have something to say about this issue.

Alderman Shea stated I just wondered how much do we get in taxes from the civic center.

Mr. Sherman responded zero.

Alderman Shea stated zero. Zero. Nothing. And how much are we going to get from taxes from this project?

Mr. Sherman responded well \$2.6 million for starters.

Alderman Shea stated \$2.6 million for this but we get zero for the civic center, is that correct. Okay, thank you. I rest my case.

Alderman Gatsas asked how about a net, a net to the general fund on that \$2.6 million?

Mayor Baines responded okay, we could play tennis on that one for a while, but why don't we...are we ready to proceed on the next phase of this presentation.

Alderman Gatsas stated do you not want him to answer that, Your Honor.

Mayor Baines replied oh no, I'm sorry. I didn't realize you asked a question.

Mr. Sherman responded if we take the \$2.6 million, and I'm trying to match it up here on the screen where I had the \$2.6 million coming in, and this about \$900,000 is what's required here. So if it's \$900,000, your property taxes, it's \$1.7 million.

Alderman Gatsas asked net.

Mr. Sherman responded net.

Alderman Gatsas stated maybe you can clarify that because I don't know how you got to your math.

Mr. Sherman stated you don't know how I got to which...

Alderman Gatsas responded \$1.7 million net.

Mr. Sherman stated that would be the difference between the \$2.6 million and the \$900,000 used to finance the stadiums.

Alderman Gatsas stated isn't it \$1.8 million to pay the debt service.

Mr. Sherman stated yeah, but part of the debt service is being paid for from other funds, so all I'm using for the stadium, and we'll go back to this one. I'm only generating \$1.05 million. That's all I need from that \$40 million. Now I'm saying when this whole project is done, you're getting up to the \$2.6 million, but this is what's going in to the debt service, and that gives me my \$150,000 coverage, so I'm only using \$900,000. The rest of the \$1.8 million is coming from this \$150,000, and it's coming from the \$750,000 over here.

Alderman Shea stated in 30 years that it costs to pay for the civic center, we are going to get zero amount back as far as the tax base. How much will we get back in 30 years from this project, all things being considered, as far as helping the tax base?

Mr. Sherman responded I could go back and...

Alderman Shea interjected ballpark.

Mr. Sherman stated no pun intended, right?

Alderman Shea stated no pun intended. By today's standards as it were.

Mr. Sherman responded oh, well over \$100 million.

Alderman Shea stated \$100 million versus zero.

Alderman Gatsas interjected and we all thought Santa Claus comes on December 25th.

Alderman Shea stated and he came when your civic center was built, right?

Mayor Baines stated everybody has staked out their ground on that issue.

Alderman Thibault stated just one little question, Your Honor, just one little question. Your Honor, that's not a fair statement because how much money has the civic center generated into this City? How much money has the civic center generated into this City? So that's not a true fact statement in my opinion. I mean, by building the civic center, we have increased the money that this City collects throughout rooms and meals tax and everything else, so I think that there's a lot of money that's come in.

Mayor Baines stated let's proceed with Mr. MacKenzie's part of this presentation.

Mr. MacKenzie stated there were two items that the Mayor asked me to review for this project, one related to the appropriate zoning for the project and another related to a State regulation, the shoreline protection act. I will comment on that one first. The State has adopted although it does not necessarily have the manpower to enforce something that's

called the shoreline protection act. It was designed to primarily prevent clear cutting nearby State water bodies, rivers, major rivers, and also to provide some setbacks for buildings from those. It always intended in the act, and there's a specific provision of the act that says a community, if it has a densely developed urban area, can request the State to exempt from the shoreline protection act that section that's densely developed. I did at the Mayor's request review a package. There's a package in front of you that shows a map. At the present time, I suggested a broader perspective because we have a number of projects going on in this area. We have a potential Riverwalk. We have a Granite Street widening. We have the CSO program coming in and this project. I did suggest that we initially start then requesting, and that would be the process. The Board would take an action for an exemption of an area to the State, DES. It would be the DES Commissioner after consulting with the Office of State Planning Director that would make a decision, but I did suggest that we initially start on the East side of the river from the Amoskeag Dam southerly to Queen City Avenue, that the Board ask that as the exempted area. So that includes all of the millyard on the East Side of the river, this particular site, and then extending down to Queen City Avenue. That section is perhaps a little more tentative, the southern section south of the railroad trestle, I think we'll always have the option to perhaps go in and modify our request, cause that's a relatively undisturbed area. But again the process would be the Board would act. That would allow putting the building somewhat closer to the river and allow cutting of certain trees which are regulated by the State. It is not a well set out process because not too many communities have requested it yet, so I can't give a timeline at this time as to how long it would take. It does not require any legislative action at the State, however. It is at the State DES. Did you want me to go on to the next one or did you have questions on shoreline protection?

Alderman Guinta asked Bob, what are we giving up by applying for this waiver?

Mr. MacKenzie responded we give up state regulation and oversight of tree cutting and placement of buildings near the river. Now I do have to state that I have certain concerns that we should follow through on this project in making sure we keep certain open space, that we don't encroach upon the riverbank, but in effect that's what we would give up, state oversight of development near the shoreline.

Alderman Guinta asked would there be any other entity that would protect the shoreline once we get the waiver?

Mr. MacKenzie responded no, other than us as the City.

Alderman Guinta stated policing ourselves.

Mr. MacKenzie stated policing ourselves, correct.

Alderman Guinta asked how much of a concern is that to you?

Mr. MacKenzie responded again I don't have any problem with the millyard. That's specifically the intent of what the exemption was provided for. If this regulation was in place, we would not have had the millyard develop in that particular area of the City because of the regulations. The plans that I've seen so far, I'm not even sure if they would be impacted severely by the shoreline protection act. They are set back somewhat. They're off the riverbanks. I know the developer has expressed an interest in getting the exemption to avoid some permitting delays. I would hope that the City and either through our office or another organization would make efforts to protect and keep trees along the Riverwalk to make sure it's a pleasant area, stabilize any development near the area, and basically follow the intent of the shoreline protection act.

Alderman Guinta asked who applies for the waiver, the City or the developer?

Mr. MacKenzie responded the City.

Alderman Guinta stated from what I'm hearing from your statement, it sounds like we should draft something to insure that we understand or continue to recognize our intent to adhere to the shoreline protection act requirements...not requirements but I guess the protections that are in that act.

Mr. MacKenzie responded I do think that would be reasonable to do, and I think we could do it within the parameters of the project. Obviously, the Merrimack River belongs to all of us and is a real important resource, so we don't want to damage that in any way.

Alderman Guinta asked we need to take action on the shoreline protection act tonight?

Mayor Baines stated just to request that to allow the staff to proceed with a request for a waiver.

Alderman Guinta asked and is there another vote before...I mean I guess my question is if we're going to ask, if we're going to act tonight to ask you to create a waiver, can we also add to that a request to draft some sort of document that insures we follow the guidelines, that we as a City agree to follow the guidelines within the shoreline protection act in the same time frame?

Mr. MacKenzie stated I certainly have no problem with that myself if the Board requests it, and I could provide that in draft form to the Board.

Alderman Garrity asked you want the waiver from the Amoskeag Dam to the Queen City Ave, right?

Mr. MacKenzie responded yes.

Alderman Garrity asked does this affect businesses that are already established down...I'm going to use Jac-Pac as an example...will they be allowed to you know, use the exemption too, to their benefits?

Mr. MacKenzie responded they could, but I don't believe any of their property...no, some of their property does extend to the river. I was trying to determine whether Jac-Pac had property directly on the river, and they do. Yes, they could potentially use the exemption.

Alderman Garrity stated that's something that concerns me. Has the Conservation Commission ever been contacted about this issue?

Mr. MacKenzie responded no. They have not.

Alderman Garrity stated I think it's probably a good idea. I think they could participate in the issue that Alderman Guinta was just talking about, coming up with some guidelines and things of that nature for policing ourselves. When we make motions, I'll make a motion to that effect, Your Honor.

Mayor Baines stated that's fine.

Alderman DeVries stated I would echo those sentiments. To think that we should drop the restrictions of the shoreline protection act from the entire stretch from the Amoskeag Bridge to the Queen City Bridge is nothing that I would be in favor of. It's just too difficult to anticipate what projects may be forthcoming beyond the scope of this particular development, and I think it will complicate the issues for this developer to try to have that broad a stretch removed from the shoreline protection act. As far as the individual shoreline that this developer is wishing to deal with, I think if they could put something in writing specifically saying what they are looking to have, variances and go through the approval process locally so that the Conservation Commission and we could see what it is that they're looking to...then make an application specific to a proposal rather than a blanket removal of protections from the Merrimack River.

Mayor Baines stated could we have Mr. Duval address this issue because he's been working with the developer on this and coordinating with the City as well.

Mr. Duval stated briefly what the shoreline protection act does is it sets a minimum in the absence of a greater City restriction, a minimum setback of 50 feet from the high water mark of the river to the principal use which would be whatever, the building, the retail, the stadium, etcetera. So you're talking about a 50-foot setback from the high water mark and

within 150 feet the shoreline protection act says you can't cut more than approximately 50 percent of the existing trees. So that's the long and the short of the act. That's what the State is regulating here. From the point of view of strictly speaking of this project that complicates our life to the extent that the parcel is fairly narrow, especially as you move south, so to try to respect that no more than 50 percent tree cutting and still provide the uses, I'm not saying it can't be done, but it restricts our flexibility in ways that are somewhat artificial because we may in order to, depending where the trees are, we may have to move a building 50 feet from the optimal location from that building, for example. We really haven't gained anything from an environmental perspective. We've just been forced to comply with a rule that, you know, doesn't provide any real value. From the point of view of the north of Langer Mill, Langer Mill to the Amoskeag Dam, really what trees are you talking about? The buildings are already there. I doubt anyone will build a new building there, short of tearing an existing one down. The few trees that you have there are really scrub trees that have grown up between cracks and foundation walls and that sort of thing, and you know, I don't think it's the intent of the State to regulate that kind of tree. So really, I don't think you're giving up anything from a practical environmental point of view by asking for this waiver and certainly you could instruct the Planning Board to perhaps follow the spirit of that ordinance in their site plan reviews, and this project does have a site plan review of course, necessarily coming with it, and the Planning Board will have the opportunity to look in great detail at the placement of the buildings relative to existing trees and relative to the distance to the river edge and so forth. So I would suggest perhaps that that's a way of accomplishing what you're trying to do, is just simply to give some instruction to the Planning Board to consider this ordinance in their review without making us follow the State's regulations.

Mayor Baines stated just one comment. Obviously, there's a provision for communities to ask for an exemption for the reasons that Mr. MacKenzie stated, and I'd like you just to review that one more time because of the location of this area in the millyard. Am I correct on that?

Mr. MacKenzie responded yes. The original law presupposed that there were urban areas that communities would want to exempt themselves from. That's stated in the State law.

Mayor Baines stated right. So I mean there's actual provision for that, so I think there are ways to accommodate these concerns, and I think they should be accommodated.

Alderman DeVries stated just to follow up on that. I think one of the additional concerns I have, cause I realize there aren't many trees in a great portion of the downtown mill district, but this also prohibits paving activities and new buildings that might be added on which today would fall within that 50 foot setback from the river, and I think Alderman Garrity mentioned Jac-Pac. It would be a particular concern to me that that's an area that's included within this ordinance that may wish to add on to the facility, where now they would not be

able to because of shoreline protection, would have the ability to be you know in one felt swoop included with this. I just think this needs to go to the Conservation Commission before we decide as a Board to take action on it, so that there can be some additional input on this.

Alderman O'Neil stated is it my understanding that the developers only asked for the parcel that involves their project. The City is the one that came up with expanding the scope of this thing, so they didn't ask for Jac-Pac to be included in it, I don't believe.

Alderman DeVries stated it's just the way it's presented in the ordinance.

Alderman O'Neil stated no, but I understand that. The City is the one saying going from the dam to Queen City Bridge. My understanding the developers did not ask for that. They just asked for what was involved with their portion of the project.

Mr. MacKenzie responded that is correct. I think there were a couple different reasons when we took a look at it after the Mayor asked us to review it. One is that we do have other projects that are going to be going on, such as the Riverwalk, such as the Granite Street widening that may need some exemption from these provisions. The second is the State law talks about the percentage of area that is covered by buildings, so for example, if you just took the riverfront area, that may have less of a chance of getting an exemption unless you included the rest of the mill buildings with it. So in order to get exemption for this area, it may be necessary to include a larger area to show that it's a high-density urban development.

Alderman O'Neil stated I just want to be clear on the point that even though there may be an issue with Jac-Pac, the developers of this project didn't ask for that. I'd be fine if we stopped it at the end of the property in question on the south end and don't get anywhere near the Jac-Pac.

Alderman Thibault stated I'm a little confused. Isn't there a railroad track that goes through there? I mean there's no way Jac-Pac could build there. There's a railroad track there.

Mr. MacKenzie responded their property actually extends across the railroad tracks. They have developed on the westerly side of the railroad tracks towards the river. The only thing that precludes them now from much more development is the actual Riverwalk that extends across there that we have an easement to cross Jac-Pac property, so the Riverwalk itself would probably preclude any significant additional development by Jac-Pac.

Alderman Guinta asked did the City need to obtain a waiver for the Riverwalk of the shoreline protection act?

Mr. MacKenzie responded no. There was very little tree cutting as a result of the Riverwalk.

Alderman Guinta asked that doesn't fall within the definition of a building?

Mr. MacKenzie responded no. It does not fall within that.

Alderman Guinta stated I thought there was an issue of paving.

Mr. MacKenzie responded a parking lot falls within the definition. We did deal with the property, but they determined that a pedestrian walkway did not fall within the definition.

Alderman Guinta stated okay. And are you also saying that the ordinance includes the millyard?

Mr. MacKenzie responded we were suggesting that we could start with an area that included the millyard extending down to include this site.

Alderman Guinta asked what would be the purpose of including the millyard area?

Mr. MacKenzie responded including the millyard area would allow us to do projects such as the Granite Street widening and the Riverwalk when it's extended northerly outside of the buildings. They'll have to extend either side of the buildings as it goes northerly.

Alderman Guinta asked why would we need a waiver for the Riverwalk by the millyard if we didn't need it where it currently sits?

Mr. MacKenzie responded because the Riverwalk will become a structure. Right now, it's just a simple pavement. At some point, it becomes a cantilevered structure that extends out over the river in essence. So, it will become a structure.

Alderman Guinta asked how does the Hands across the Merrimack Bridge impact or how does the shoreline protection act impact the potential building of the Hands across the Merrimack?

Mr. MacKenzie responded it doesn't because that's an existing structure.

Alderman Guinta stated that's an existing structure.

Mr. MacKenzie responded trestle, structure.

Alderman Lopez stated if I could ask Tom Clark on these ordinance and Conservation Commission, do you see anything in sending this forward if we were to approve this tonight that we could not accomplish everything that's been discussed in reference to the

Conservation Commission and the Planning Board to look at all this stuff? I'm just concerned that if this doesn't go forward, and with all the concerns, how long it's going to take before this? Is it going to hold up the project? But the question I really have for you—do you see anything wrong in asking for this and then us putting the motion in to the effect that the Conservation Commission has to be approached at some point for the planning aspect of it?

Solicitor Clark responded Mr. MacKenzie spoke to you. The statute is specifically drafted to allow municipalities and towns with urban compacts to request an exemption because it was realized when they passed the statute that it wouldn't apply in certain cities. It wouldn't apply in certain areas. I see nothing wrong with asking for the exemption under the statute, which provides for it, and I see nothing wrong with this Board requesting that the Planning Department in its site plan review take into consideration the spirit of this statute, to maintain conservation.

Mr. MacKenzie stated it may be reasonable based upon the discussion tonight, I would suggest that we could modify it downwards before we requested the State to include from the railroad trestle northerly to Granite Street. That would allow for this project and any difficulties we might have with the Granite Street widening and would include some buildings in there, so it'd fit within the criteria of the State statute. It would not then...that would be roughly ten percent of what we had talked about before.

Mayor Baines stated and when we get to that, we could talk about that in the form of a motion. Any more questions before we go back over what we're going to be asking from you this evening. Kevin, since you've been so quiet over there, just sort of weigh in in terms of the process and what this represents this evening for this process.

Mr. Clougherty stated I think what's important for the Board to remember is as part of the process, you've got basically three elements in front of you this evening. There's going to be other opportunities in the form of documents coming forward to the Board to address a number of the good suggestions that I think the Aldermen have made tonight. I think some of the concerns of Alderman Gatsas and others are reasonable and should be worked into future documents. Remember, everything has to come forward for your approval as a final package, and we're trying to move pieces along as we're going, so I would urge the staff to continue to take a look at these items, see if they can be factored into the documents so that down the road, we've got a fabric of things that works. So far, what we've seen is enough to move forward.

Mayor Baines stated there's one more issue, the issue of zoning. Would you address that please?

Mr. MacKenzie stated the type of development that they're proposing is a relatively high density, mixed use development. It would not really be allowed under the current zoning in that area which is RDV, redevelopment zone. We did review the types of zone that would be appropriate, and adjacent to this parcel on the East is our downtown zoning district, which is called CBD. We did review and determine that virtually all the project would be allowed under CBD. There was only one exception I think we have to review, and that's that normally downtown projects to have residential, you have to have the first floor retail, but you can get a conditional use permit from the Planning Board when you do apply for the site plan review. But all the rest of the project, this stadium, the retail, office, residential would be allowed at the right density and height in the Central Business District. So the Board after a public hearing could extend the Central Business District zoning to include this area, and again in this case, we're only talking about the specific site, from the end of Commercial Street down to the railroad trestle. I'd be happy to answer any questions that you might have.

Alderman Lopez asked have you calculated the additional taxes the Central Business District pays into this project?

Mr. Sherman responded no, I haven't. I'm not sure where does the Central Business District go at this point. Does it go all the way down to southern Commercial? I'm not sure it's in the district as already drawn, but the answer to your question is no, we haven't.

Alderman Lopez stated would you take a look at that please.

Mr. Sherman responded yes, we can.

Alderman Gatsas asked Randy, this is the master lease that we're entering into?

Mr. Sherman responded that's correct.

Alderman Gatsas stated maybe I can read a little bit of some testimony from the November 13th meeting that we had. I have the minutes of that meeting here. "Alderman Gatsas stated thank you gentlemen. It was a nice presentation. I guess we have some specific questions in regard to the LLCs that we're entering into contracts with. Can you tell me if the Manchester Downtown Visions LLC and the 6 to 4 to 3 LLC, what's the value of those LLCs? Mr. Sanborn asked today without personal signatures? Zero. Alderman Gatsas asked so I do understand that you're going to get into personal guarantees with this project. Mr. Sanborn answered I don't know yet. Once we get into the negotiations of the actual master lease, it will be determined by the City what we have to do." And then it goes on from there. So you've determined for the City that we don't need personal guarantees?

Mr. Sherman responded at the master lease level, that's correct. When we get into the development agreement, that's where we'll be asking for the guarantees. As Walter explained earlier, with the master lease, what's the guarantee? There isn't that exposure to the City there.

Alderman Gatsas stated I'm just going by what one of the developers told us, and I don't know why that would be any different today than what it was in November.

Mr. McCabe responded Alderman, I think at the time that the comment was made by Kurt Sanborn about it being discussed at the time frame of the master lease, at that point and time, the master lease, the management agreement, and the development agreement were not really separated out as separate elements of the project that would be presented at various times with various components. And the real obligations where the City has real dollars at stake is when you get into the development of the stadium. You're going to be bonding and financing that, and that really is in my mind the major financial risk here that at this point, you may not have adequate protections on and you may wish to visit further the personal guarantee or other security for.

Alderman Gatsas stated so your professional opinion is that entering into a master lease doesn't put the City at any risk.

Mr. McCabe responded no, that is not what I am saying. Whenever you enter into any contract, the City is at risk to a degree. It depends upon who you're contracting with and what the obligations are. The obligations here are to pay the real estate taxes and to proceed with development. If they don't pay the real estate taxes, you terminate the lease. If they don't proceed with the development, you forfeit the parcels they don't proceed with or you terminate the lease. So what you're giving them effectively is an option on land that presently is paying no taxes, earning no revenue for the City, and is being put to a partially productive use but as I understand it, the Foundation was not going to be able to continue its current use given its financial circumstances.

Alderman Gatsas asked so what recourse would the City have?

Mr. McCabe responded the recourse the City would have would be to terminate the arrangements with the land developer if they do not proceed to pay the real estate taxes that would be due or to proceed with the development.

Alderman Gatsas stated and no other.

Mr. McCabe responded to the extent that the entity does not have additional dollars in it, no, there would be no other recourse at that time.

Alderman Gatsas stated so without personal signatures, the City would really have nothing to go against.

Mr. McCabe responded it would have nothing to go against, but it would not have a lot at risk either.

Mayor Baines called a five-minute recess.

Mayor Baines reconvened the meeting, stating what I'm going to do...any questions before I start asking for some action items to come before the Board. Okay, the City Clerk will lead us through the process.

Alderman Gatsas stated Your Honor, obviously this project brings out different feelings amongst all of us on this Board, and really we're looking at situations and talking about situations, and unless the Red Sox give their approval to allow Manchester to have an affiliate team, we're going down a road that really doesn't exist. In your opinion, not to what degree might the Red Sox give that but at what time frame are we going to look at and say, "Okay, it's time to fish or cut bait."

Mayor Baines stated it's impossible for me to answer that question definitively because the talks now are continuing and they're ongoing. As I said in the correspondence, they're very much aware of our timetables. They have been presented with all information regarding this project. We'll be putting it in the mail to them tomorrow, the feasibility study because we didn't want to release that until this Board had a chance to review it. I think it's critical that we proceed with these parts of our efforts tonight because I think a key part of everything we've done is our readiness to move on this project, and I think it would be a critical step for us to take these actions, again not knowing, because at the end of the day, the answer could be no. We've always realized that, but this is a key part I believe in getting to yes, and that's why we're asking for action tonight because it demonstrates that we're ready to move forward in recognition that the Red Sox have their own timeline, but they are very sensitive to what we're doing here. And they've indicated a willingness to work with our timeline.

Alderman Gatsas asked what is the drop-dead date in this project?

Mayor Baines stated that's a good question. There are some...Randy can talk to... we do have some parts of the agreement where they are required to be in the ground so to speak on some of these projects, a good question.

Mr. Sherman stated the key dates are June 30 is when they're supposed to start some construction on the site, but in all honesty, I mean all those dates can be waived. In all honesty, I think it comes down to the construction period for the new stadium, you know and

if we're looking at 18 months, I mean you're talking August, September at best, so they can start building the stadium.

Mayor Baines stated the only other thing I'd add Alderman is that this is just the first of many votes as Mr. Clougherty indicated. I believe it's a step in the right direction.

Alderman Gatsas stated I understand, Your Honor, but I think that this Board at least has to be aware of whether we are going to make commitments in the next budget to anything at Gill Stadium because if this project doesn't get an answer of yes or no until September....

Mayor Baines interjected oh no, no.

Alderman Gatsas stated that's what I'm looking for.

Mayor Baines stated I'm sorry, no. I think...

Alderman Gatsas stated I guess I'm just looking for a time frame because we're entering into a budget cycle and certainly that's going to have to have some sort of understanding of where we're going.

Mayor Baines stated I can't be as specific as any of us would like because the answer isn't definitive, but I'm very confident that there will be a decision in time to address the issues during the budget cycle. I have a high degree of confidence in that.

Alderman Gatsas stated if we don't an answer by May first...

Mayor Baines stated I'm very optimistic that we would have an answer.

Alderman Gatsas interjected would you agree that by May first that we should...

Mayor Baines responded I'm not going to get on a date. These conversations as I've said have been very productive, and we have a certain respect that we have for each other's positions, and I'd like to continue that dialogue with the professional tone that's been set to date without putting any pressure on deadlines they know are deadlines.

Alderman O'Neil stated Your Honor, with that in mind and you ongoing discussions with the Red Sox, I think it would be important for a strong vote from this Board tonight, and I think that would be helpful, and it doesn't mean number one we've agreed to anything, that we're locked into anything, and it doesn't mean that an Alderman at a later date could not change their mind if they're not happy with a direction this project is going, but I would encourage my colleagues to give a positive vote this evening to send a message to the Red Sox that the City is serious about this.

Alderman Guinta asked are we taking these issues separately?

Mayor Baines responded separately. Yes. One by one. Mr. Bernier, please lead us through this.

City Clerk Bernier stated thank you, Mayor. I've asked the Board of Mayor and Aldermen if they can follow me because the memorandum that was sent out last week gives you some direction. We need some action, and I'd like to go to the first one which is Exhibit B. It's a resolution. Action is required. That is the termination of Riverfront Park Development and Lease Agreement. We'd just like a motion for that.

Alderman Thibault moved to approve and authorize execution of the Termination of Riverfront Park Development and Lease Agreement. Alderman Smith duly seconded the motion.

Mayor Baines called for discussion.

Alderman Gatsas stated they're going to pay us \$1 million today or does that mean that the Red Sox agreement has to still go forward.

Mr. Sherman responded on the riverfront termination, no. They will pay the debts off of the Riverfront Foundation upon the execution of the master lease, and if you think the process through, it doesn't do them any good to pay off those debts if they don't access to the property. I mean that's why they're paying them. So this payment, as soon as this...you terminate this lease and then agree to the master lease, they will be making those payments. I believe everybody gets paid by March 15th. The City will get its check as soon as it's executed, but the other two parties get their payment no later than March 15th.

Alderman Gatsas stated so there is no recourse if the rest of the project does not go forward.

Mr. Sherman responded that's correct. So as you again agree to the master lease, it'll give them access.

Alderman Guinta asked does this motion include the memo regarding the rezoning?

Mayor Baines responded these are all going to be separate. That'll all be separate.

Alderman Shea stated the Singer Family Park situation is such that the Singer Park Foundation will now go out of existence as it were, and the City then is free to either provide a field for the people that run the Singer Park Foundation or decide not to provide a field,

and if the City decides not to provide a field for them, then this money would into the general fund. Is that correct?

Mr. Sherman responded I just want to make sure that we're clarifying which pot of money you're talking about. The \$748,000 will go into that trust fund account that you set up. This is more like a one-time revenue. It needs to be used for a capital purpose. What the land developer has agreed to is to relocate that soccer field. What they have also agreed to is if you send this to C.I.P. which is probably Leo's next item and you determine that you don't the soccer field re-established, they have offered to take the sum of money that it would have cost them to rebuild the field at an alternate location and put that to another City project.

Alderman Lopez stated just for my own clarification, you said something. They're going to give us the money by March 15th, and Riverfront goes away. Is that what you said?

Mr. Sherman responded they're paying off three parties. They're paying the City, the stage contractor, and Bank of New Hampshire. The stage contractor and the Bank of New Hampshire must be paid by March 15th. That's the deal that they struck with the developer. The City will get paid once these two documents are executed.

Alderman Lopez stated the final document.

Mr. Sherman stated the master lease and this termination. So it could be as soon as tomorrow.

Alderman Shea asked if in fact we do not go through with all the provisions of the contract, do we repay the land developer this money or do they just lose that?

Mr. Sherman responded that's an at-risk payment that they're making.

Alderman Garrity asked the \$748,000, Mr. Sanborn is going to pay that or LLC whichever one it is even if we don't bond the stadium?

Mr. Sherman responded that's right because they're still going forward with the master lease.

Mayor Baines called for a vote on the termination of Riverfront Park Development and Lease Agreement. The motion carried with Alderman Osborne being duly recorded in opposition.

City Clerk Bernier stated the second action that is needed is the Singer Park relocation memorandum, and what we need to do there is just refer this to C.I.P.

Alderman O’Neil moved to refer the Singer Park Relocation Memorandum to the Committee on Community Improvement for report to the Board at a later date. Alderman Pinard duly seconded the motion. Mayor Baines called for a vote. The motion carried with Alderman Osborne being duly recorded in opposition.

Alderman Osborne stated all actions I’m opposed to.

Mayor Baines asked all actions.

Alderman Osborne stated right.

Ordinance:

“Exempting Tax Map 909 Lots 1,2, 3, 3-A, and 4 from the provisions of Manchester City Ordinance Sections 34.15 to 34.23 Surplus City Property.”

Alderman Sysyn moved to suspend the rules and place this ordinance on its final reading at this time without referral to the Committees on Bills on Second Reading and Accounts, Enrollment and Revenue Administration. Alderman Guinta duly seconded the motion. Mayor Baines called for a vote. The motion carried with Aldermen Gatsas and Osborne duly recorded in opposition.

Alderman O’Neil moved to read the Ordinance by title only. Alderman Forest duly seconded the motion. Mayor Baines called for a vote. The motion carried with Alderman Osborne duly recorded in opposition, and it was so done.

This Ordinance having had its final reading by title only, Alderman Sysyn moved on passing same to be Ordained. Alderman Thibault duly seconded the motion. The motion carried with Aldermen Gatsas and Osborne duly recorded in opposition.

Alderman Gatsas stated discussion.

Mayor Baines stated we have a vote, but I would entertain a comment though, Alderman Gatsas.

Alderman Gatsas stated I have a problem that we’re circumventing the surplus City property ordinance in this City. I don’t think it’s fair. I don’t think it’s something I’ve seen done in the four years or the five years that I’ve been here on any other project. I think that if this was brought to light in the beginning, that might be a different situation that lands and buildings would have had an opportunity to make the recommendation to the full Board. As I said previously, this Board works by committee. We have now circumvented a committee, and I don’t think that’s right.

Resolution:

“Authorizing the City to Execute and Deliver Certain Leases of City Owned Property and Facilities and all Related Documents In Connection with the Redevelopment of Gill Stadium, the Development of a Minor League Baseball Stadium and the Redevelopment of Land Adjacent to the Site of the Minor League Baseball Stadium.”

On motion of Alderman O’Neil, duly seconded by Alderman Lopez, it was voted to read by title only, and it was so done.

Alderman Sysyn moved to adopt the Resolution. Alderman Guinta duly seconded the motion. Mayor Baines called for a vote. The motion carried with Aldermen Gatsas, Osborne, and Garrity duly recorded in opposition.

City Clerk Bernier stated with regards to rezoning, we need just a motion to refer that to Bills on Second Reading and have the public hearing on April 7.

Alderman Smith moved to refer the rezoning proposal from Robert MacKenzie regarding the general area of Singer Park to Bills on Second Reading and to order the proposed rezoning to a public hearing to be held on April 7, 2003 in the Aldermanic Chambers of City Hall. Alderman Forest duly seconded the motion.

Alderman Guinta asked is the development team aware of the location in proximity to the Central Business District of this parcel?

Mr. Jabjiniak responded yes, they are.

Alderman Guinta asked have they agreed?

Mr. Jabjiniak stated have they agreed to the rezoning.

Alderman Guinta asked are they aware that once we rezone, they will be part of the Central Business District?

Mr. Jabjiniak responded there’s a little bit of confusion over whether they’re actually going to be part of the taxing district or not.

Mayor Baines stated I think Mr. MacKenzie has some information on that.

Mr. MacKenzie stated this does not affect the Central Business Service District boundaries, which is where the charges apply. This is only the zoning the Central Business District so

they sound very similar, but it does not affect the boundaries. The boundaries of the Central Business Service District are not tied to the zoning district.

Alderman Guinta asked where does the boundary end of the service district because as I understand it, it's all of that area.

Mr. MacKenzie responded I can't answer that, but the line actually may cut through a portion of the property. We will check that with In Town and notify the developer of the potential fees if they are in that.

Alderman Guinta stated so you're saying that issue is completely separate from this rezoning issue.

Mr. MacKenzie responded that's correct.

Alderman Guinta stated so at a later date when this does come up, because I think it will, there will be room to discuss that issue. I mean right now as far as In Town Manchester, I'm not going to speak for them, but there is an assumption that the line...at the very least that part of this parcel is on the line and almost...and possibly including the entire parcel. And I just want to make sure that the developer has been made aware of that and is at least aware of the fact that there could be an additional tax issue for them to deal with in the future. You know, if they're not aware of that or if they're not in agreement with that, that's something that we do need to take up.

Mayor Baines stated that's fair.

Mr. MacKenzie stated if I could just make one final note on that. The Board does review the boundaries of the Central Business Service District each year in the budget process so in the next two and a half months, the Board will have an opportunity to set those boundaries again.

Alderman Guinta stated I'm not so much concerned with resetting it. I want to make sure that the developer is aware that they could potentially be in it already.

Mayor Baines stated they are aware of it right now.

Alderman Guinta asked were they aware of it before right now.

Mayor Baines stated I think there isn't a problem with that.

Alderman Lopez stated I just wanted to say the same thing as Alderman Three because I brought that up just a few minutes ago with Randy about the taxes you know. I mean, they should be in the Central Business District. That's what we're doing here as far as I'm

concerned, so when that issue comes up, it should be made very clear in whatever agreement we're doing that they are there, and they got to pay that because otherwise they don't pay it, we're going to end up paying it.

Alderman Smith stated if I remember correctly, I think the Central Business goes down to Auburn Street and then I think it goes westerly from Auburn. I don't think it extends any further south than Auburn. That's my recollection.

Mayor Baines stated we'll check it, and I don't believe this will be an issue. The motion is just to refer this to a public hearing, right?

Mayor Baines called for a vote. The motion to refer the item to the Committee on Bills on Second Reading and to Public Hearing on April 7th carried.

City Clerk Bernier stated the last action that is needed this evening is the shoreline exemption. I would need a motion to request the New Hampshire Department of Environmental Services to exempt the Eastern Shore of Merrimack River between Amoskeag Dam and Queen City Ave.

Mayor Baines stated aren't we amending that.

Alderman Guinta stated I would like to amend that motion by adding and I believe that you would probably have the language from our earlier discussion.

Mayor Baines stated we haven't really put anything on the floor yet. It hasn't been moved and seconded. We could just ask Mr. MacKenzie to state what he said earlier and ask for a motion to move and second.

Mr. MacKenzie stated in essence that the staff would develop wording such that protection of the actual stream banks, the vegetation on the stream banks, generally follow the intent of the shoreline protection act except that we would review the project to see where variations from that might have to happen.

Mayor Baines stated no, I thought you gave some definitions of different boundaries. I thought you were restricting the area.

Mr. MacKenzie stated in terms of the area, again I had suggested from the railroad trestle up to Granite Street.

Alderman Guinta moved to request the New Hampshire Department of Environmental Services to exempt the Eastern Shore of the Merrimack River from the railroad trestle up to Granite Street. Alderman Thibault seconded the motion.

Alderman Garrity stated could we possibly put in that the Conservation Commission be involved.

Mayor Baines stated we could pass this and then have a separate motion for that. That's the way we would deal with that.

Mayor Baines called for a vote. The motion carried with Aldermen DeVries, Garrity, Gatsas and Osborne duly recorded in opposition.

Alderman Garrity stated before we even take the act on the shoreline protection act is that we put the proposal in front of the Conservation Commission, but it's already passed so it's kind of a...

Mayor Baines stated I thought you were going to move that the staff work with the Conservation Commission to insure that the integrity of the act is maintained. I thought that's what we were asking for under discussion.

Alderman Garrity responded what I'd like to see is that the Conservation Commission take a look at it first and then bring it back to this Board, but it's already passed.

Mayor Baines stated the Board acted. The Board has the authority to act on its own and then seek the advice on a project, and we've already passed that at this time.

Alderman Shea moved that the staff work with the Conservation Commission to insure that the integrity of the shoreline protection act is followed. Alderman Guinta duly seconded the motion.

Alderman Gatsas stated does that mean, Your Honor that this will not be sent to Concord until such time that they come back with a recommendation?

Mayor Baines responded no. The motion was made that the City staff will work with them on the project.

Alderman Gatsas stated so what you're saying is that their input really doesn't matter.

Mayor Baines responded that's not what the motion says.

Alderman Guinta stated they're going to happen simultaneously.

Mayor Baines called for a vote. The motion carried with Alderman Garrity duly recorded in opposition.

This being a special meeting of the Board, no further business was presented and on motion of Alderman Smith, duly seconded by Alderman Shea, it was voted to adjourn.

A True Record Attest.

City Clerk.